

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**FY 2016-17 STAFF FIGURE SETTING
DEPARTMENT OF STATE**

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

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How to Use this Document

The Department Overview contains a table summarizing the staff recommended incremental changes followed by brief explanations of each incremental change. A similar overview table is provided for each division, but the description of incremental changes is not repeated, since it is available under the Department Overview. More details about the incremental changes are provided in the sections following the Department Overview and the division summary tables.

Decision items, both department-requested items and staff-initiated items, are discussed either in the Decision Items Affecting Multiple Divisions or at the beginning of the most relevant division. Within a section, decision items are listed in the requested priority order, if applicable.

Department Overview

The Secretary of State is one of five independently-elected constitutional officers of the State and serves as Colorado's chief election official. The Department of State is broadly responsible for overseeing elections, registering businesses, and publishing information and records for public use. This includes: administering statutory provisions that pertain to elections; managing the statewide voter registration database; implementing the Help America Vote Act (HAVA); overseeing campaign finance reporting; registering lobbyists and monitoring the filing of required disclosures; collecting, maintaining, and providing public access to business filings; regulating charities and charitable gaming; certifying notaries public; and publishing the Code of Colorado Regulations.

SUMMARY OF STAFF RECOMMENDATIONS

Department of State						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	<u>\$21,580,286</u>	<u>\$0</u>	<u>\$21,580,286</u>	<u>\$0</u>	<u>\$0</u>	<u>137.3</u>
TOTAL	\$21,580,286	\$0	\$21,580,286	\$0	\$0	137.3
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$21,580,286	\$0	\$21,580,286	\$0	\$0	137.3
R1 Additional vehicle and vehicle upgrade	3,255	0	3,255	0	0	0.0
Centrally appropriated line items	389,913	0	389,913	0	0	0.0
Annualize prior year budget actions	295,474	0	295,474	0	0	0.0
Indirect cost assessment	27,824	0	27,824	0	0	0.0
Non-prioritized requests	12,617	0	12,617	0	0	0.0
JBC staff initiated BIC FTE adjustment	0	0	0	0	0	0.0
JBC staff initiated RFI	0	0	0	0	0	0.0
JBC staff initiated legal services reduction	(96,150)	0	(96,150)	0	0	0.0
JBC staff initiated line item reductions	<u>(88,816)</u>	<u>0</u>	<u>(88,816)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$22,124,403	\$0	\$22,124,403	\$0	\$0	137.3
Increase/(Decrease)	\$544,117	\$0	\$544,117	\$0	\$0	0.0
Percentage Change	2.5%	n/a	2.5%	n/a	n/a	0.0%
FY 2016-17 Executive Request						
Request Above/(Below) Recommendation	\$184,966	\$0	\$184,966	\$0	\$0	0.0

Description of Incremental Changes

R1 Additional vehicle and vehicle upgrade: The recommendation includes an increase of \$3,255 cash funds to provide funding for one additional vehicle and the upgrade of an existing two-wheel drive vehicle to a four-wheel drive model.

Centrally appropriated line items: The recommendation includes adjustments to centrally appropriated line items in accordance with Committee-approved common policy for the following: state contributions for health, life, and dental benefits; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; salary survey; merit pay; and leased space. *Please note staff recommendations on workers' compensation, administrative law judges, payment to risk management and property funds, vehicle lease payments, payments to OIT, and CORE operations are pending Committee action. The staff recommendation for legal services is addressed separately below.*

Annualize prior year budget actions: The recommendation includes an increase of \$295,474 cash funds to reflect the annualization of prior year salary survey and merit pay, as well as a standard annual adjustment to funding for signature verification on initiative and referendum petitions.

Indirect cost assessment: The recommendation is *pending* Committee action on the Statewide Indirect Cost Plan. The request amount is reflected in the table above.

Non-prioritized requests: The recommendation is *pending* Committee action on operating and IT common policies. The request amount is reflected in the table above.

JBC staff initiated Business Intelligence Center (BIC) FTE adjustment: The recommendation includes a net-zero transfer of 1.0 FTE between line items in the Business and Licensing Division to more accurately reflect staffing for the BIC program.

JBC staff initiated request for information (RFI): The recommendation includes the addition of a formal request for information regarding donations received by the Business Intelligence Center program. This is a budget-neutral change.

JBC staff initiated legal services reduction: The recommendation includes an estimated decrease of \$96,150 cash funds to reflect a staff-initiated reduction of 1,000 legal services hours for the Department in FY 2016-17. *The amount shown in the table was calculated based on the preliminary legal services rate from the Department of Law. The final appropriation is pending Committee action to determine the actual legal services rate for FY 2016-17.*

JBC staff initiated line item reductions: The recommendation includes a decrease totaling \$88,816 cash funds to more accurately align appropriations with expenditures for two line items in the Department budget: (1) Administration Division – Operating Expenses, and (2) Business and Licensing Division – Operating Expenses.

Major Differences from the Request

There are four JBC staff-initiated changes that differ from the Department's FY 2016-17 request. Of these, two have a net-zero impact or are budget neutral:

1. a technical adjustment transferring 1.0 FTE between line items within the Business and Licensing Division; and
2. the addition of a formal request for information on donations to the Business Intelligence Center program.

The other two changes are substantive:

3. a recommendation for 4,300 legal services hours (i.e. *1,000 hours less than the Department request for FY 2016-17*) with the corresponding appropriation to be determined based on Committee action; and
4. a decrease totaling \$88,816 cash funds across two line items with significant reversions over the past two years, and for which reversions are expected in the current year.

Aside from these changes, the JBC staff recommendation aligns with the Department request and/or with Committee-approved common policy affecting centrally appropriated line items.

Decision Items Affecting Multiple Divisions

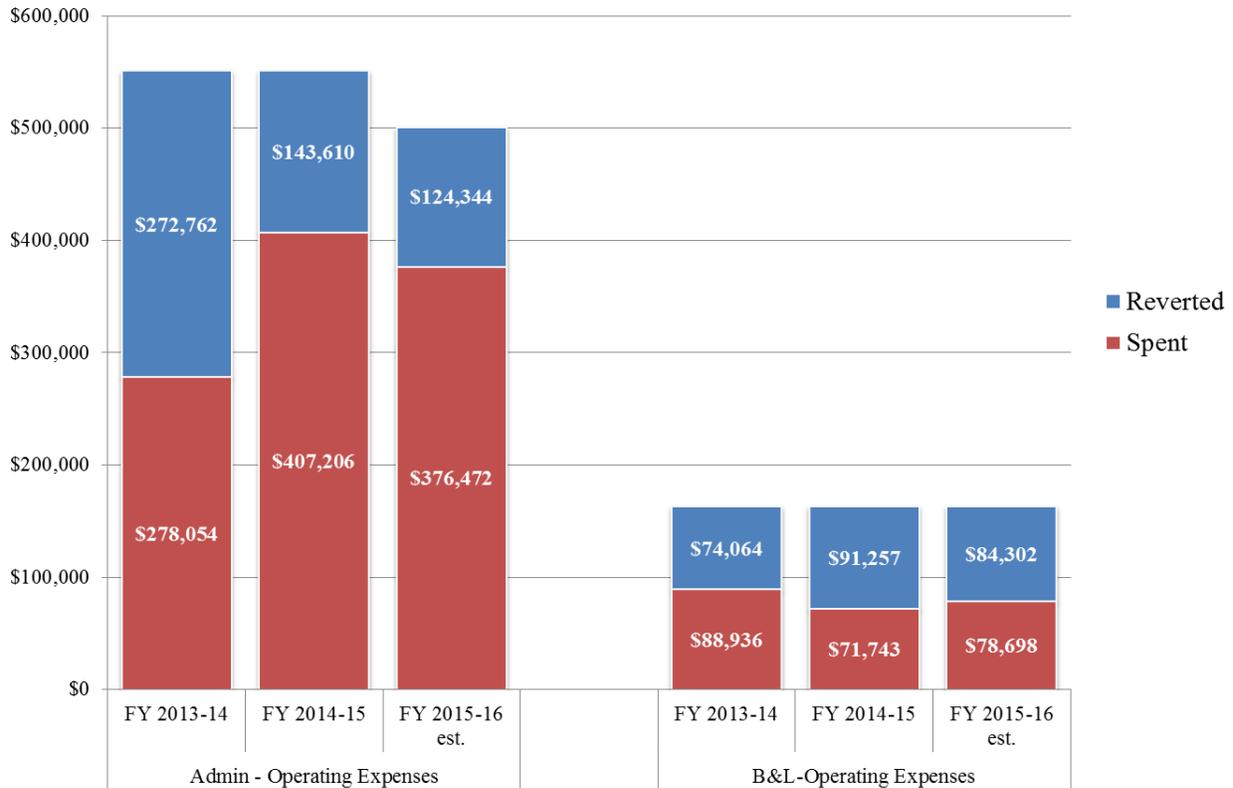
➔ JBC staff initiated line item reductions

Request: This is a staff-initiated change and was not requested by the Department. However, the Department agreed to the reductions recommended below.

Recommendation: Staff recommends a total decrease of \$88,816 cash funds, comprised of a decrease of \$50,816 cash funds for the Administration – Operating Expenses line item and a decrease of \$38,000 cash funds for the Business and Licensing Division – Operating Expenses line item.

Analysis: While reviewing the Department's FY 2016-17 budget request, JBC staff noted actual expenditures in the Operating Expenses line items in the Administration and Business and Licensing Divisions were less than the appropriated amount in both FY 2013-14 and FY 2014-15. Data on expenditures through December 2015 from the State Controller suggests these line items will have reversions in FY 2015-16 as well. The Department confirmed staff's assessment and provided similar estimates of expected reversions in FY 2015-16. Actual and estimated expenditures and reversions for both line items are shown in the following figure.

Actual and Estimated Expenditures and Reversions



*JBC staff estimates of expenditures and reversions in FY 2015-16 are based on actual expenditures and encumbered funds through December 2015.

The Department revisited the FY 2016-17 request for continuation-level funding in both line items and provided JBC staff with a revised estimate of anticipated expenditures for the upcoming year. The requested appropriations exceeded anticipated expenditures by a total of \$88,816 cash funds, as described below, and the reductions recommended by JBC staff are consistent with this amount.

Administration – Operating Expenses

Including estimates for FY 2015-16, the Department has averaged \$180,239 in reversions from this line item for the past three years. In FY 2016-17, however, it expects to spend more than in prior years due to:

1. increased travel expenses related to customer outreach efforts as outlined in the Department's strategic plan;
2. increased expenditures on professional development and training opportunities for employees to compensate for a lack of merit pay and salary survey; and
3. the renewal of a vendor contract for the eLearning management system at two or three times the prior annual rate of \$50,000.

Please note that the eLearning management system has been identified throughout the Department's SMART Act Performance Plan as important to program objectives in a number of divisions, especially given the Department's emphasis on training and professional development for employees. Within the Department, courses for staff members are provided using the eLearning platform. Additionally, the Department offers eLearning courses for public outreach and education, and uses it to provide training on elections and for certifications offered by the Department (e.g. for prospective notaries public).

After accounting for the anticipated increase in expenditures, the Department estimates it will revert \$50,816 cash funds in the Administration – Operating Expenses line item in FY 2016-17 and indicated it would agree with a JBC staff-initiated reduction in the same amount for a total appropriation of \$450,000. Based on the Department's assessment of the importance of training for employees, as well as the need for the eLearning system used for that purpose, the JBC staff recommendation reflects the revised appropriation proposed by the Department.

Business and Licensing Division – Operating Expenses

The Business and Licensing Division – Operating Expenses line item has averaged \$83,207 in reversions over the past three years, but the Department also anticipates an increase in spending in line item in FY 2016-17 compared to prior years. Like the Administration Division, increased expenditures for travel and professional development are expected. Additionally, the Business and Licensing Division plans to begin digitizing old records that are currently stored on microfiche and, pursuant to a recent legal decision, is now required to send delinquency notices from the Charity program by mail which will increase postage costs. The Department estimates it will still revert \$38,000 cash funds in this line item in FY 2016-17 and indicated it would agree with a JBC staff-initiated reduction in that amount for a total appropriation of \$125,000. The staff recommendation is consistent with the Department's revised appropriation.

(1) Administration

The Administration Division is responsible for the general management and oversight of the Department. It provides personnel, finance, and administrative support to the other divisions and engages in public outreach and education regarding the Department's programs and functions.

Administration						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	<u>\$5,615,627</u>	<u>\$0</u>	<u>\$5,615,627</u>	<u>\$0</u>	<u>\$0</u>	<u>19.0</u>
TOTAL	\$5,615,627	\$0	\$5,615,627	\$0	\$0	19.0
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$5,615,627	\$0	\$5,615,627	\$0	\$0	19.0
R1 Additional vehicle and vehicle upgrade	3,255	0	3,255	0	0	0.0
Centrally appropriated line items	389,913	0	389,913	0	0	0.0
Annualize prior year budget actions	33,240	0	33,240	0	0	0.0
Indirect cost assessment	27,824	0	27,824	0	0	0.0
Non-prioritized requests	12,617	0	12,617	0	0	0.0
JBC staff initiated legal services reduction	(96,150)	0	(96,150)	0	0	0.0
JBC staff initiated line item reductions	<u>(50,816)</u>	<u>0</u>	<u>(50,816)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$5,935,510	\$0	\$5,935,510	\$0	\$0	19.0
Increase/(Decrease)	\$319,883	\$0	\$319,883	\$0	\$0	0.0
Percentage Change	5.7%	n/a	5.7%	n/a	n/a	0.0%
FY 2016-17 Executive Request:	\$6,082,476	\$0	\$6,082,476	\$0	\$0	19.0
Request Above/(Below) Recommendation	\$146,966	\$0	\$146,966	\$0	\$0	0.0

DECISION ITEMS - ADMINISTRATION

In addition to the Department R1 request item, there are two JBC staff-initiated changes that affect this division, one of which is discussed on page 8 of this section. *Please see page 4 of this packet for a discussion of the staff recommendation to decrease the Administration – Operating Expenses line item appropriation by \$50,816 cash funds (JBC staff initiated line item reductions).*

➔ R1 Additional vehicle and vehicle upgrade

Request: The Department requests an increase of \$3,255 cash funds to lease one additional vehicle for employee use and upgrade an existing two-wheel drive vehicle to a four-wheel drive model.

Recommendation: Staff recommends approving the Department's request.

Analysis: One of the Department of State's strategic objectives has been to increase outreach to customers across the state. This involves sending Department employees out to provide elections-related support to counties and assist businesses and other organizations with application and licensing processes. The Department currently leases two state vehicles for employee use, but indicated this is no longer sufficient to meet travel needs in light of the increased emphasis on personal interactions with customers. When both vehicles are in use, the Department has had to rely on more costly alternatives including personal vehicle use (mileage reimbursements), state motor pool vehicles, private rental cars, public transportation, or foregoing travel altogether.

The Department expects an additional vehicle will: (1) result in savings by decreasing the use of more expensive transportation options, and (2) improve service to customers by allowing staff to avoid foregoing travel and expand outreach efforts. However, the request was primarily supported with anecdotal input from division staff regarding vehicle use and availability. The Department does not specifically track rental car expenses, nor can it identify whether employee mileage reimbursement requests are made as a substitute for the use of a state vehicle or for personal convenience. As a result, there is no direct way for JBC staff to determine whether the annual cost of an additional vehicle is less than cost incurred when state vehicles are not available and Department personnel use other modes of transportation.

The Department was ultimately able to ascertain that both its vehicles were in use on approximately two-thirds of all business days over the past six months, increasing the likelihood that more expensive means of transportation were required. Staff also requested a record of total annual mileage on DOS vehicles from the Department of Personnel, which shows a general trend of increasing use, especially over the past two years.¹ This aligns with the accounts from Department staff and suggests a third vehicle would be an appropriate addition to offset at least some of the expenses related to increased travel requirements. As such, staff recommends the Department request for increased funding to lease one new vehicle and upgrade one of the Department's existing vehicles to a four-wheel drive model for travel in winter conditions.

In addition to the potential savings, the Department generally expects increased travel and interaction with customers will yield improvements in performance measures for several programs as outlined in the SMART Act Performance Plan. Specifically, the number of rejected applications and filings should decrease over time because more customers are submitting them following in-person assistance from Department staff. This is reflected in out-year estimates for performance measures in the relevant programs.

¹ Total mileage increased by 41.2 percent between FY 2012-13 and FY 2013-14 and by 35.9 percent between FY 2013-14 and FY 2014-15.

➔ Non-prioritized requested changes

Request: The Department request includes an increase of \$12,617 cash funds for the following non-prioritized decision items and non-prioritized budget amendments submitted by the Department of Personnel and the Governor's Office of Information Technology:

- NP1 Annual fleet vehicle request
- NP2 FY 2016-17 Secure Colorado
- NP3 Resources for Administrative Courts (ALJ)
- NBA1 Workers' compensation adjustment

Recommendation: The staff recommendation on all four non-prioritized requests is *pending* Committee action on operating and IT common policies. Staff requests permission to reflect Committee-approved common policy for the affected line items in the Department's Long Bill.

➔ JBC staff initiated reduction to legal services hours

Request: This is a staff initiated change. The Department did not request this change.

Recommendation: Staff recommends an appropriation sufficient to purchase 4,300 hours of legal services from the Department of Law. This is 1,000 hours less than the Department request for FY 2016-17. Based on the preliminary legal services rate from the Department of Law, this would reduce the legal services appropriation by approximately \$96,150 cash funds in FY 2016-17. *However, the final appropriation is pending Committee action to determine the actual FY 2016-17 legal services rate.* Staff will calculate the final legal services appropriation using the common policy for the legal services rate and number of legal services hours approved by the Committee, and requests permission to reflect that amount in the Long Bill.

Analysis: The following table outlines the Department's legal services hours and expenditures from FY 2008-09 through FY 2014-15, and includes data from the Department of Law for hours used through the end of December 2015.

Actual and Projected Legal Services Hours and Expenditures								
	FY08-09	FY09-10	FY10-11	FY11-12	FY12-13 ^{/a}	FY13-14 ^{/a}	FY14-15 ^{/a}	FY 15-16 ^b
Appropriated Hours	5,187	7,118	7,118	7,118	7,118	7,118	7,118	5,300
Actual Hours	3,066	4,187	5,058	6,645	3,700	3,179	3,275	764
Total Expenditures	\$299,156	\$357,816	\$436,780	\$538,296	\$481,421	\$421,451	\$457,529	\$106,546

^{/a}Please note that expenditures for FY 2012-13, FY 2013-14, and FY 2014-15 include expenditures for the use of outside counsel and other legal expenses in addition to hours purchased from the Department of Law.

^{/b}FY 2015-16 legal services hours are from the Department of Law through the end of December 2015. Total expenditures are from the Department of State through January 13, 2016 and include \$31,556 for private sector legal expenses.

The number of legal services hours was reduced to 5,300 in FY 2015-16 to better reflect the actual number of legal services hours being purchased by the Department on an annual basis. However, in the first six months of FY 2015-16, the Department has used a relatively small percentage the available legal services appropriation, even at the reduced number of hours (764 legal services hours). In documentation submitted as part of the November 1 request, the

Department estimated it would revert \$251,533 in FY 2015-16 (equivalent to about 2,653 hours), but year-to-date usage and expenditures suggest the reversion will be even larger. The Department indicated this pattern of spending resulted in part because the Department of Law's Public Officials Unit (POU) was not fully staffed until recently, delaying several projects.

The Department expressed a preference to maintain a continuation-level appropriation for legal services at 5,300 hours in FY 2016-17. In addition to full staffing in the POU, the Department indicated that initiatives and referenda can also drive legal services expenditure and it expects an increased number related to the November 2016 election. However, the staff recommendation of 4,300 legal services hours is almost three times what year-to-date usage in FY 2015-16 would suggest is required. It also exceeds the actual number of legal services hours purchased by the Department in seven of the last ten years and is slightly higher than the average number of hours used per year. The estimated appropriation based on the preliminary legal services rate for FY 2016-17 is more than 1.6 times the anticipated expenditures in FY 2015-16. Finally, it would be highly unlikely the Department would require more than 4,300 hours in the first half of FY 2016-17. If a shortage of resources for legal services becomes a concern, an additional appropriation can be requested and justified during the supplemental process.

LINE ITEM DETAIL – ADMINISTRATION

Personal Services

This line item provides funding for employees' salaries and wages, as well as the associated state contribution to the Public Employees Retirement Association (PERA) and the state share of the federal Medicare taxes. It also funds contract services, wages for temporary employees, sick and annual leave payouts, and other similar expenditures.

Statutory Authority: Section 24-50-101 *et seq.*, C.R.S.

Request and Recommendation: The Department requests an appropriation of \$1,664,924 cash funds and 19.0 FTE for FY 2016-17. This includes the annualization of prior year salary survey and merit pay. Staff recommends approving the Department's request as it is consistent with prior year staffing and expenditures from this line item.

Health, Life, and Dental

This line item provides funding for the Department's share of the cost of group benefit plans providing health, life, and dental insurance for state employees.

Statutory Authority: Sections 24-50-611 and 24-50-603 (9), C.R.S.

Request and Recommendation: The Department requests an appropriation of \$1,030,749 cash funds for FY 2016-17. This includes the Department's share of a statewide total compensation adjustment for this line item. Staff recommends approving the Department's request in accordance with Committee action on compensation common policies.

Short-term Disability

This line item provides funding for the Department's share of short-term disability insurance premiums for state employees. The State currently provides 100.0 percent of the premiums for this insurance.

Statutory Authority: Sections 24-50-611 and 24-50-603 (13), C.R.S.

Request and Recommendation: The Department requests an appropriation of \$16,148 cash funds for FY 2016-17. This includes the Department's share of a statewide total compensation adjustment for this line item. Staff recommends approving the Department's request in accordance with Committee action on compensation common policies.

S.B. 04-257 Amortization Equalization Disbursement

Pursuant to S.B. 04-257, this line item provides additional funding to increase the state contribution to the Public Employees' Retirement Association (PERA).

Statutory Authority: Section 24-51-411, C.R.S.

Request and Recommendation: The Department requests an appropriation of \$427,131 cash funds for FY 2016-17. This includes the Department's share of a statewide total compensation adjustment for this line item. Staff recommends approving the Department's request in accordance with Committee action on compensation common policies.

S.B. 06-235 Supplemental Amortization Equalization Disbursement

Pursuant to S.B. 06-235, this line item provides additional funding to increase the state contribution for PERA.

Statutory Authority: Section 24-51-411, C.R.S.

Request and Recommendation: The Department requests an appropriation of \$422,682 cash funds for FY 2016-17. This includes the Department's share of a statewide total compensation adjustment for this line item. Staff recommends approving the Department's request in accordance with Committee action on compensation common policies.

Salary Survey

This line item provides funding to pay for annual increases for salary survey.

Statutory Authority: Section 24-50-104, C.R.S.

Request and Recommendation: The Department requests an appropriation of \$1,071 cash funds for FY 2016-17. This includes the Department's share of a statewide total compensation adjustment for this line item. Staff recommends approving the Department's request in accordance with Committee action on compensation common policies.

Merit Pay

This line item provides funding for performance-based pay increases related to employee performance and evaluations.

Statutory Authority: Section 24-50-104 (1) (c), C.R.S.

Request and Recommendation: The Department requests an appropriation of \$0 cash funds for FY 2016-17. Staff recommends approving the Department's request in accordance with Committee action on compensation common policies.

Workers' Compensation

This line item is used to pay for the Department's share of the state's workers' compensation program run by the Department of Personnel.

Statutory Authority: Section 24-30-1510.7, C.R.S.

Request: The Department requests an appropriation of \$19,432 cash funds for FY 2016-17. This includes the Department's share of a statewide operating adjustment for this line item and a non-prioritized budget amendment.

Recommendation: Staff recommendation is pending Committee action on operating common policies. Staff requests permission to reflect Committee-approved common policy on Workers' Compensation in the Department's Long Bill.

Operating Expenses

This line item provides funding for supplies and materials for the Administration Division, as well as for certain services that are not covered by other line items such as capital outlay (replacement of equipment, furniture, and other items that cost less than \$50,000, as well as building repair and remodeling costing less than \$15,000), utilities, telecommunications, custodial services, equipment rental, storage, dues and subscription, office supplies, and printing and reproduction costs.

Statutory Authority: Section 24-21-101, C.R.S.

Request: The Department requests a continuation-level appropriation of \$500,816 cash funds for FY 2016-17.

Recommendation: Staff recommends an appropriation of \$450,000 cash funds. This includes a JBC staff-initiated change. Please see the discussion on *page 4* of this packet for additional detail regarding this recommendation.

JBC Staff Figure Setting – FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Administration, Operating Expenses						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	\$500,816	\$0	\$500,816	\$0	\$0	0.0
TOTAL	\$500,816	\$0	\$500,816	\$0	\$0	0.0
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$500,816	\$0	\$500,816	\$0	\$0	0.0
JBC staff initiated line item reductions	(50,816)	0	(50,816)	0	0	0.0
TOTAL	\$450,000	\$0	\$450,000	\$0	\$0	0.0
Increase/(Decrease)	(\$50,816)	\$0	(\$50,816)	\$0	\$0	0.0
Percentage Change	(10.1%)	n/a	(10.1%)	n/a	n/a	n/a
FY 2016-17 Executive Request:	\$500,816	\$0	\$500,816	\$0	\$0	0.0
Request Above/(Below) Recommendation	\$50,816	\$0	\$50,816	\$0	\$0	0.0

Legal Services

This line item provides funding for the Department to purchase legal services from the Department of Law.

Statutory Authority: Sections 24-31-101 (1) (a) and 24-75-112 (1) (i), C.R.S.

Request: The Department requests an appropriation of \$509,595 cash funds to purchase 5,300 legal services hours from the Department of Law for FY 2016-17. This represents a continuation of the number of legal services hours appropriated in the prior year.

Recommendation: Staff recommends an appropriation sufficient to purchase 4,300 hours of legal services. This includes a JBC staff-initiated change. Please see the discussion on *page 8* of this packet for additional detail regarding this recommendation. Staff will calculate the final appropriation for this line item after the Committee sets common policy for the legal services rate and requests permission to reflect that appropriation in the Department's Long Bill.

Administrative Law Judge Services

This line item is used to purchase administrative law services from the Department of Personnel.

Statutory Authority: Sections 24-30-1001 (3) and 24-30-1002, C.R.S.

Request: The Department requests an appropriation of \$120,984 cash funds for FY 2016-17. This includes the Department's share of a statewide operating adjustment for this line item and a non-prioritized decision item.

Recommendation: Staff recommendation is pending Committee action on operating common policies. Staff requests permission to reflect Committee-approved common policy on Administrative Law Judge Services in the Department's Long Bill.

Payment to Risk Management and Property Funds

This line item is used to reimburse the Department of Personnel for the Department's share of the state's liability and property insurance.

Statutory Authority: Sections 24-30-1510 and 24-30-1510.5, C.R.S.

Request: The Department requests an appropriation of \$96,247 cash funds for FY 2016-17. This includes the Department's share of a statewide operating adjustment for this line item.

Recommendation: Staff recommendation is pending Committee action on operating common policies. Staff requests permission to reflect Committee-approved common policy on Payment to Risk Management and Property Funds in the Department's Long Bill.

Vehicle Lease Payments

This line item provides funding for annual payments to the Department of Personnel for the cost of administration and lease-purchase payments for new and replacement vehicles. The Department currently operates two vehicles which are used primarily for statewide travel for elections officials.

Statutory Authority: Section 24-30-1104 (2), C.R.S.

Request: The Department requests an appropriation of \$4,881 cash funds for FY 2016-17. This includes: (1) the Department's R1 request for an increase of \$3,255 to lease one additional vehicle for employee use and upgrade an existing two-wheel drive vehicle to a four-wheel drive model (*discussed on page 7 of this document*); and (2) the annual non-prioritized decision item for fleet vehicle replacements from the Department of Personnel (NP1).

Recommendation: Staff recommendation is pending Committee action on operating common policies, but includes the additional \$3,255 cash funds for the Department's R1 request. Staff requests permission to reflect Committee-approved common policy and the Committee's decision on the requested increase in the Department's Long Bill.

Administration, Vehicle Lease Payments						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	\$926	\$0	\$926	\$0	\$0	0.0
TOTAL	\$926	\$0	\$926	\$0	\$0	0.0

JBC Staff Figure Setting – FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Administration, Vehicle Lease Payments						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$926	\$0	\$926	\$0	\$0	0.0
R1 Additional vehicle	3,255	0	3,255	0	0	0.0
Non-prioritized requests	<u>700</u>	<u>0</u>	<u>700</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$4,881	\$0	\$4,881	\$0	\$0	0.0
Increase/(Decrease)	\$3,955	\$0	\$3,955	\$0	\$0	0.0
Percentage Change	427.1%	n/a	427.1%	n/a	n/a	0.0%
FY 2016-17 Executive Request:	\$4,881	\$0	\$4,881	\$0	\$0	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

Leased Space

The line item provides funding for the Department's office space at 1700 Broadway, Denver.

Statutory Authority: Section 24-30-1303, C.R.S.

Request and Recommendation: The Department requests an appropriation of \$718,739 cash funds for FY 2016-17. Staff recommends approving the Department's request as it is consistent with the terms of the current lease agreement, signed July 1, 2015. This includes annual rent based on a specified price per square foot plus an estimate of the Department's share of annual operating expenses for the building.

Payments to OIT

This line item provides funding for information technology services provided by the Governor's Office of Information Technology (OIT). The Department has not had an appropriation for this line item prior to the request for FY 2016-17, although the line item was included in the Long Bill for most other departments starting in FY 2014-15.

Statutory Authority: Sections 24-37.5-103, 4-37.5-506, and 24-37.5-604, C.R.S.

Request: The Department requests an appropriation of \$343,717 cash funds for FY 2016-17. This includes a non-prioritized decision item.

Recommendation: Staff recommendation is pending Committee action on IT common policies. Staff requests permission to reflect Committee-approved common policy on payments to OIT in the Department's Long Bill.

CORE Operations

The line item provides funding for the Department's share of the statewide accounting system (CORE) used by the Office of the State Controller to record all state revenues and expenditures.

Statutory Authority: Section 24-30-209, C.R.S.

Request: The Department requests an appropriation of \$16,228 cash funds for FY 2016-17. This includes the Department's share of a statewide operating adjustment for this line item.

Recommendation: Staff recommendation is pending Committee action on operating common policies. Staff requests permission to reflect Committee-approved common policy on CORE Operations in the Department's Long Bill.

Indirect Cost Assessment

This line item funds the Department's share of statewide indirect costs. Statewide indirect costs are overhead costs associated with the operation of general government functions and recovered from cash and federal funded programs.

Statutory Authority: Section 24-75-1401, C.R.S.

Request: The Department requests an appropriation of \$184,132 cash funds for FY 2016-17. This includes an adjustment to accurately reflect the Department's share of requested statewide indirect cost recoveries.

Recommendation: Staff recommendation is pending Committee action on operating common policies. Staff requests permission to reflect Committee-approved common policy on statewide indirect cost recoveries in the Department's Long Bill.

Discretionary Fund

Each of the five elected state officials receives an allowance, specified in statute, for "expenditure in pursuance of official business as each elected official sees fit." Subject to annual appropriation by the General Assembly, the Secretary of State receives \$5,000 cash funds for this purpose.

Statutory Authority: Section 24-9-105, C.R.S.

Request and Recommendation: The Department requests a continuation-level appropriation of \$5,000 cash funds for FY 2016-17. Staff recommends approving the Department's request in accordance with the statutory allowance for all state elected officials.

(2) Information Technology Services

The Information Technology Services Division provides technical and project management services, systems development, and information technology support to other programs and divisions in the Department. This includes: (1) managing filing services, public records, and search functions available on the internet; (2) processing over 2,500 web-based business filing transactions per day; (3) and maintaining the federally-mandated computerized statewide voter registration and election management system, known as the State of Colorado Registration and Elections (SCORE) system.

	Information Technology					FTE
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	<u>\$7,388,679</u>	<u>\$0</u>	<u>\$7,388,679</u>	<u>\$0</u>	<u>\$0</u>	<u>36.0</u>
TOTAL	\$7,388,679	\$0	\$7,388,679	\$0	\$0	36.0
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$7,388,679	\$0	\$7,388,679	\$0	\$0	36.0
Annualize prior year budget actions	<u>72,864</u>	<u>0</u>	<u>72,864</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$7,461,543	\$0	\$7,461,543	\$0	\$0	36.0
Increase/(Decrease)	\$72,864	\$0	\$72,864	\$0	\$0	0.0
Percentage Change	1.0%	n/a	1.0%	n/a	n/a	0.0%
FY 2016-17 Executive Request:	\$7,461,543	\$0	\$7,461,543	\$0	\$0	36.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

DECISION ITEMS – INFORMATION TECHNOLOGY SERVICES

The Department did not submit any decision items or budget amendments that impact the Information Technology Services Division in FY 2016-17, and the JBC staff recommendation aligns with the Department request.

LINE ITEM DETAIL – INFORMATION TECHNOLOGY SERVICES

Personal Services

This line item provides funding for employees' salaries and wages, as well as the associated state contribution to the Public Employees Retirement Association (PERA) and the state share of the federal Medicare taxes. It also funds contract services, wages for temporary employees, sick and annual leave payouts, and other similar personal services expenditures.

Statutory Authority: Section 24-50-101 *et seq.*, C.R.S.

Request and Recommendation: The Department requests an appropriation of \$4,796,771 cash funds and 36.0 FTE for FY 2016-17. This includes the annualization of prior year salary survey and merit pay. Staff recommends approving the Department's request as it is consistent with prior year expenditures from this line item.

Operating Expenses

This line item provides funding for the operating expenses of the Information Technology Division, including supplies and materials, utilities, custodial services, equipment rental, storage, dues and subscriptions, office supplies, and printing expenses.

Statutory Authority: Section 24-21-101, C.R.S.

Request and Recommendation: The Department requests a continuation-level appropriation of \$481,112 cash funds for FY 2016-17. Staff recommends approving the Department's request as it is consistent with prior year expenditures from this line item.

Hardware/Software Maintenance

This line item provides funding for hardware and software maintenance contracts and repairs, as well as ongoing software services.

Statutory Authority: Section 24-21-101, C.R.S.

Request: The Department requests a continuation-level appropriation of \$1,738,242 cash funds for FY 2016-17.

Recommendation: Staff recommends approving the Department's request. Please note that spending from this line item has been somewhat erratic over the past two years. Only 9.0 percent of the FY 2013-14 appropriation was reverted, but the Department reverted almost 30 percent of the FY 2014-15 appropriation. In contrast, about 78.0 percent of the total FY 2015-16 appropriation was spent or encumbered by the end of December 2015. The Department indicated this pattern of expenditures resulted from issues with booking contract expenditures, which were not being prorated across months of service that sometimes spanned fiscal years. The Department has corrected the issue and expects spending to stabilize at or near the requested appropriation going forward.

Information Technology Asset Management

This line item provides funding for the replacement of the Department's IT assets on a predictable schedule, in order to increase asset reliability, reduce maintenance costs, and create a more predictable stream of IT expenses.

Statutory Authority: Section 24-21-101, C.R.S.

Request and Recommendation: The Department requests a continuation-level appropriation of \$445,418 cash funds for FY 2016-17. Staff recommends approving the Department's request as it is consistent with prior year expenditures from this line item.

(3) Elections Division

The Elections Division administers statutory and constitutional provisions for the conduct of elections for the State. This includes certifying the content of ballots, publishing the abstract of vote totals, overseeing the verification of petitions for ballot issues, managing campaign finance filings, certifying voting equipment, meeting requirements of the National Voter Registration Act and the Help America Vote Act, and maintaining the SCORE system.

Elections Division						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	\$5,114,858	\$0	\$5,114,858	\$0	\$0	34.2
TOTAL	\$5,114,858	\$0	\$5,114,858	\$0	\$0	34.2
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$5,114,858	\$0	\$5,114,858	\$0	\$0	34.2
Annualize prior year budget actions	<u>137,699</u>	<u>0</u>	<u>137,699</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$5,252,557	\$0	\$5,252,557	\$0	\$0	34.2
Increase/(Decrease)	\$137,699	\$0	\$137,699	\$0	\$0	0.0
Percentage Change	2.7%	n/a	2.7%	n/a	n/a	0.0%
FY 2016-17 Executive Request:	\$5,252,557	\$0	\$5,252,557	\$0	\$0	34.2
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

DECISION ITEMS – ELECTIONS DIVISION

The Department did not submit any decision items or budget amendments that impact the Elections Division in FY 2016-17, and the JBC staff recommendation aligns with the Department request.

LINE ITEM DETAIL – ELECTIONS DIVISION

Personal Services

This line item provides funding for employees' salaries and wages, as well as the associated state contribution to the Public Employees Retirement Association (PERA) and the state share of the federal Medicare taxes. It also funds contract services, wages for temporary employees, sick and annual leave payouts, and other similar personal services expenditures.

Statutory Authority: Section 24-50-101 *et seq.*, C.R.S.

Request and Recommendation: The Department requests an appropriation of \$2,224,719 cash funds and 34.2 FTE for FY 2016-17. This includes the annualization of prior year salary survey and merit pay. Staff recommends approving the Department's request as it is consistent with prior year expenditures from this line item.

Operating Expenses

This line item provides funding for the operational costs of the Division.

Statutory Authority: Section 24-21-101, C.R.S.

Request and Recommendation: The Department requests a continuation-level appropriation of \$267,838 cash funds for FY 2016-17. Staff recommends approving the Department's request as it is consistent with prior year expenditures from this line item.

Help America Vote Act Program

Congress passed the Help America Vote Act (HAVA) in 2002 to improve the administration of federal elections. In 2003, the Colorado General Assembly passed the "Colorado Help America Vote Act" which included the creation of the Federal Elections Assistance Cash Fund to receive federal and state moneys appropriated for HAVA-related purposes (H.B. 03-1356). The current cash fund balance is approximately \$2.0 million and the funds are continuously appropriated to the Department of State for the proper administration, implementation, and enforcement of HAVA. The appropriation for this line item is included for informational purposes only.

Statutory Authority: Section 1-1.5-106 (2) (b), C.R.S.

Request: The Department requests a continuation-level appropriation of \$10,000 cash funds from the Federal Elections Assistance Fund for FY 2016-17.

Recommendation: Staff recommends approving the Department request. Funding for this line item is continuously appropriated and is included for informational purposes only. The Department does not anticipate any additional federal funding and HAVA funds are expected to be exhausted within the next several years.

Local Election Reimbursement

The Secretary of State is required by statute to reimburse counties for the costs related to having a statewide issue on the ballot. Pursuant to H.B. 12-1143 (State Reimbursement of Counties), counties with fewer than 10,000 active voters are reimbursed at a rate of \$0.90 per active registered voter, and counties with more than 10,000 active registered voters are reimbursed at a rate of \$0.80 per active registered voter. As of the beginning of February 2016, there are approximately 2.9 million active registered voters in the state.

Statutory Authority: Section 1-5-505.5, C.R.S.

Request: The Department requests a continuation-level appropriation of \$2,500,000 cash funds for FY 2016-17.

JBC Staff Figure Setting – FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Recommendation: Staff recommends approving the Department's request. The Department estimates there will be a total of 3.8 million active registered voters in the state of Colorado by the November 2016 election. The number of active registered voters tends to increase in presidential election years. After multiplying the estimated number of active voters in each county by the statutory reimbursement rate, the amount required for reimbursements to counties in FY 2016-17 is projected to be just under \$2.5 million which is consistent with the Department request.

Initiative and Referendum

This appropriation provides funding for petition verification, the activities of the Ballot Title Setting Board, and the cost of translating the ballot information booklet (the "Blue Book") into Spanish. Expenditures are primarily driven by the number of initiatives received during a given year, and they fluctuate because only TABOR-related initiatives are permitted on the November ballot for odd-year elections. There are no restrictions on the types of initiatives for even-year elections (presidential and gubernatorial election years), so even-year expenditures are generally higher. The JBC practice has been to appropriate \$150,000 cash funds in fiscal years with odd-year elections, and \$250,000 cash funds in fiscal years with even-year elections (e.g. FY 2016-17 for the November 2016 election).

Statutory Authority: Section 1-40-101, C.R.S.

Request: The Department requests an appropriation of \$250,000 cash funds for FY 2016-17.

Recommendation: Staff recommends approving the Department request. This recommendation is consistent with the regular cycle of standard adjustments to this line item to allow increased spending authority during even-year elections (i.e. for the November 2016 general election).

Elections Division, Initiative and Referendum						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	<u>\$150,000</u>	<u>\$0</u>	<u>\$150,000</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$150,000	\$0	\$150,000	\$0	\$0	0.0
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$150,000	\$0	\$150,000	\$0	\$0	0.0
Annualize prior year budget actions	<u>100,000</u>	<u>0</u>	<u>100,000</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$250,000	\$0	\$250,000	\$0	\$0	0.0
Increase/(Decrease)	\$100,000	\$0	\$100,000	\$0	\$0	0.0
Percentage Change	66.7%	n/a	66.7%	n/a	n/a	0.0%
FY 2016-17 Executive Request:	\$250,000	\$0	\$250,000	\$0	\$0	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	0.0

(4) Business and Licensing Division

The Business and Licensing Division is primarily responsible for processing business filings and collecting the associated fees, which involves document filing, records management, information retrieval, and educational services. The Division also: (1) oversees the Business Intelligence Center and the Go Code Colorado statewide app challenge event; (2) administers the lobbyist program; (3) licenses entities involved in charitable gaming; (4) registers charitable organizations; and (5) publishes the Code of Colorado Regulations.

Business and Licensing Division						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	<u>\$3,461,122</u>	<u>\$0</u>	<u>\$3,461,122</u>	<u>\$0</u>	<u>\$0</u>	<u>48.1</u>
TOTAL	\$3,461,122	\$0	\$3,461,122	\$0	\$0	48.1
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$3,461,122	\$0	\$3,461,122	\$0	\$0	48.1
Annualize prior year budget actions	51,671	0	51,671	0	0	0.0
JBC staff initiated BIC FTE adjustment	0	0	0	0	0	0.0
JBC staff initiated RFI	0	0	0	0	0	0.0
JBC staff initiated line item reductions	<u>(38,000)</u>	<u>0</u>	<u>(38,000)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$3,474,793	\$0	\$3,474,793	\$0	\$0	48.1
Increase/(Decrease)	\$13,671	\$0	\$13,671	\$0	\$0	0.0
Percentage Change	0.4%	n/a	0.4%	n/a	n/a	0.0%
FY 2016-17 Executive Request:	\$3,512,793	\$0	\$3,512,793	\$0	\$0	48.1
Request Above/(Below) Recommendation	\$38,000	\$0	\$38,000	\$0	\$0	0.0

DECISION ITEMS – BUSINESS AND LICENSING DIVISION

The Department did not submit any decision items or budget amendments that impact the Business and Licensing Division in FY 2016-17. However, there are three JBC staff-initiated changes that affect this division, two of which are discussed on the following pages. *Please see page 4 for a discussion of the staff recommendation to decrease the Business and Licensing Division – Operating Expenses line item appropriation by \$38,000 cash funds (JBC staff initiated reductions to line items).*

➔ JBC staff initiated Business Intelligence Center (BIC) FTE adjustment

Request: This is a JBC staff-initiated change. The Department did not request this change.

Recommendation: Staff recommends a net-zero transfer of 1.0 FTE from the Business and Licensing Division–Personal Services line item to the Business and Licensing Division–Business Intelligence Center Personal Services line item for FY 2016-17.

Analysis: The recommended transfer of 1.0 FTE within the Business and Licensing Division is a technical adjustment to more accurately reflect the resources used by the Business Intelligence Center (BIC) in the Long Bill line items dedicated to the program.

BIC has one Program Manager who: (1) oversees the collection and publication of datasets to the Colorado Information Marketplace, and (2) coordinates the annual Go Code Colorado app challenge event. When BIC was originally established in FY 2013-14, the initial appropriation was incorporated into existing Long Bill line items. Last year, the Department submitted a request to separate BIC appropriations out into two new line items to make program spending more transparent. This request was approved starting in FY 2015-16, but the 1.0 FTE for the Program Manager was not moved to the new line items along with the rest of the funding for BIC.

The Department is currently funding the salary and benefits for the Program Manager out of the BIC Personal Services line item but the 1.0 FTE for the position is still attached to the Business and Licensing – Personal Services line item. To ensure program staffing is accurately reflected in the Long Bill, as was the intent behind Department's prior year request, staff recommends the net-zero transfer of 1.0 FTE from the Business and Licensing – Personal Services line item to the BIC – Personal Services line item in FY 2016-17. Staff requested feedback from the Department regarding this recommendation and the Department is supportive of the transfer.

➔ JBC staff initiated request for information (RFI)

Request: This is a JBC staff-initiated change. The Department did not request this change.

Recommendation: Staff recommends the addition of the following request for information (RFI) associated with the Business Intelligence Center – Personal Services line item in the Business and Licensing Division.

- X Department of State, Business and Licensing Division, Business Intelligence Center Personal Services – The Department is requested to submit a report with its annual budget request detailing donations received by the Business Intelligence Center, either directly or through the 501(c)(3) organization designated by the Department. The report should include data on the receipt and expenditure of both financial and in-kind donations for the prior fiscal year and year-to-date data on donations made in the current fiscal year.

Analysis: A recent performance audit of the Department of State, released by the Office of the State Auditor (OSA) on December 8, 2015, found that Department of State personnel have not followed best practices in the treatment of donations made to support Business Intelligence

Center (BIC) operations. Since the start of the BIC program, donations were made directly to Denver Civic Ventures (DCV), a 501(c)(3) non-profit organization which acts as a fiscal agent for donated revenues. DCV maintained physical custody of the funds as an outside third-party because the Department did not have statutory authority to accept gifts, grants, and donations for BIC. To use the donated funds, the BIC Program Manager submitted invoices directly to DCV which then made payments on behalf of the Department. As a result, these transactions were not accounted for in the state's accounting system because all revenue *and* expenditures were managed by DCV external to the Department.

Legislation has been introduced on behalf of the Department to establish BIC in statute and secure the authority to accept gifts, grants, and donations (H.B. 16-1014 Williams/Tate). Upon enactment, the Department intends to convert over to the best practices recommended by the OSA, which will capture any cash flow from donations in CORE. Still, the receipt and expenditure of donations for BIC may not be apparent in the Department's annual budget request and Long Bill appropriations unless specifically requested by JBC staff. *In anticipation of an annual request for data, staff recommends the addition of a formal Request for Information on the receipt and expenditure of in-kind and financial donations received by DCV for the BIC program.*

The BIC program is still relatively new and financial donations presently account for less than 10 percent of total funding.² By all accounts, however, BIC and Go Code Colorado show potential for growth based on the current popularity of the program, and donations from the business community serve as an indicator of support. These donations are likely to serve as an increasingly important source of funding for BIC going forward and may help offset cash fund expenditures for the program in the future. The request for information will allow the JBC and staff to keep track of the receipt and expenditure of these donations from year to year and account for them when analyzing program funding and future requests.

LINE ITEM DETAIL – BUSINESS AND LICENSING DIVISION

Personal Services

This line item provides funding for employees' salaries and wages, as well as the associated state contribution to the Public Employees Retirement Association (PERA) and the state share of the federal Medicare taxes. It also funds contract services, wages for temporary employees, sick and annual leave payouts, and other similar personal services expenditures.

Statutory Authority: Section 24-50-101 *et seq.*, C.R.S.

Request: The Department requests an appropriation of \$2,572,700 cash funds and 48.1 FTE for FY 2016-17. This includes the annualization of prior year salary survey and merit pay.

² Based on the current appropriation for BIC from the DOS Cash Fund plus average annual donations as reported by the Department of State.

JBC Staff Figure Setting – FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Recommendation: Staff recommends an appropriation of \$2,572,700 cash funds and 47.1 FTE. This includes a JBC staff-initiated change. Please see the discussion on page 21 of this packet for additional detail regarding this recommendation.

Business and Licensing Division, Personal Services						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	<u>\$2,523,122</u>	<u>\$0</u>	<u>\$2,523,122</u>	<u>\$0</u>	<u>\$0</u>	<u>48.1</u>
TOTAL	\$2,523,122	\$0	\$2,523,122	\$0	\$0	48.1
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$2,523,122	\$0	\$2,523,122	\$0	\$0	48.1
Annualize prior year budget actions	49,578	0	49,578	0	0	0.0
JBC staff initiated BIC FTE adjustment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1.0)</u>
TOTAL	\$2,572,700	\$0	\$2,572,700	\$0	\$0	47.1
Increase/(Decrease)	\$49,578	\$0	\$49,578	\$0	\$0	(1.0)
Percentage Change	2.0%	n/a	2.0%	n/a	n/a	(2.1%)
FY 2016-17 Executive Request:	\$2,572,700	\$0	\$2,572,700	\$0	\$0	48.1
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	1.0

Operating Expenses

This line item provides funding for the operational costs of the Division.

Statutory Authority: Section 24-21-101, C.R.S.

Request: The Department requests a continuation-level appropriation of \$163,000 cash funds for FY 2016-17.

Recommendation: Staff recommends an appropriation of \$125,000 cash funds. This includes a JBC staff-initiated change. Please see the discussion on page 4 of this packet for additional detail regarding this recommendation.

Business and Licensing Division, Operating Expenses						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	<u>\$163,000</u>	<u>\$0</u>	<u>\$163,000</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$163,000	\$0	\$163,000	\$0	\$0	0.0

JBC Staff Figure Setting – FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Business and Licensing Division, Operating Expenses						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$163,000	\$0	\$163,000	\$0	\$0	0.0
JBC staff initiated reductions to line items	<u>(38,000)</u>	<u>0</u>	<u>(38,000)</u>	<u>0</u>	<u>0</u>	<u>0.0</u>
TOTAL	\$125,000	\$0	\$125,000	\$0	\$0	0.0
Increase/(Decrease)	(\$38,000)	\$0	(\$38,000)	\$0	\$0	0.0
Percentage Change	(23.3%)	n/a	(23.3%)	n/a	n/a	0.0%
FY 2016-17 Executive Request:	\$163,000	\$0	\$163,000	\$0	\$0	0.0
Request Above/(Below) Recommendation	\$38,000	\$0	\$38,000	\$0	\$0	0.0

Business Intelligence Center Personal Services

This line item provides funding for personal services expenditures for the Business Intelligence Center program. This includes funding for: the BIC Program Manager salary and benefits; the contract with the vendor that runs the Go Code Colorado event; the collection and publication of data to the Colorado Information Marketplace; and legal services associated with the one-year contracts offered to the winning teams from the Go Code Colorado event.

Statutory Authority: The Business Intelligence Center has not been established in statute. Legislation has been introduced on behalf of the Department to obtain statutory authority for the program during the 2016 legislative session.

Request: The Department requests an appropriation of \$627,093 cash funds for FY 2016-17. This includes the annualization of prior year salary survey and merit pay.

Recommendation: Staff recommends an appropriation of \$627,093 cash funds *and 1.0 FTE*, as well as the addition of a formal request for information for this line item. Please see the discussion on *pages 21-22* of this packet for additional detail regarding this recommendation.

Business and Licensing Division, Business Intelligence Center Personal Services						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	<u>\$625,000</u>	<u>\$0</u>	<u>\$625,000</u>	<u>\$0</u>	<u>\$0</u>	<u>0.0</u>
TOTAL	\$625,000	\$0	\$625,000	\$0	\$0	0.0
FY 2016-17 Recommended Appropriation						
FY 2015-16 Appropriation	\$625,000	\$0	\$625,000	\$0	\$0	0.0

JBC Staff Figure Setting – FY 2016-17
Staff Working Document – Does Not Represent Committee Decision

Business and Licensing Division, Business Intelligence Center Personal Services						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
Annualize prior year budget actions	2,093	0	2,093	0	0	0.0
JBC staff initiated RFI	0	0	0	0	0	0.0
JBC staff initiated BIC FTE adjustment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1.0</u>
TOTAL	\$627,093	\$0	\$627,093	\$0	\$0	1.0
Increase/(Decrease)	\$2,093	\$0	\$2,093	\$0	\$0	1.0
Percentage Change	0.3%	n/a	0.3%	n/a	n/a	0.0%
FY 2016-17 Executive Request:	\$627,093	\$0	\$627,093	\$0	\$0	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	\$0	\$0	(1.0)

Business Intelligence Center Operating Expenses

This line item provides funding for the operating expenses of the Business Intelligence Center Program. These expenditures are primarily associated with the Go Code Colorado event and include: travel reimbursement, communications and marketing, software program licenses, contracts and licenses for winning apps, and administrative fees.

Statutory Authority: The Business Intelligence Center has not been established in statute. Legislation has been introduced on behalf of the Department to obtain statutory authority for the program during the 2016 legislative session.

Request: The Department requests a continuation-level appropriation of \$150,000 cash funds for FY 2016-17.

Recommendation: Staff recommends approving the Department request. The large majority of the appropriation for this line item is based on contractual agreements with vendors involved with Go Code Colorado, as well as other mandatory expenditures related to the event (e.g. contracts for winning apps, amounts specified in advance). The requested continuation-level appropriation closely aligns with the required expenditures and minimal reversions are expected.

Long Bill Footnotes and Requests for Information

LONG BILL FOOTNOTES

The Department of State did not have any footnotes in the 2015 Long Bill. Staff is not recommending the addition of any footnotes specific to the Department of State in the 2016 Long Bill.

REQUESTS FOR INFORMATION

There were no requests for information for the Department of State as part of the FY 2015-16 budget.

Staff recommends the following **new** request for information starting in FY 2016-17:

- X Department of State, Business and Licensing Division, Business Intelligence Center, Personal Services – The Department is requested to submit a report with its annual budget request detailing donations received by the Business Intelligence Center, either directly or through the 501(c)(3) organization designated by the Department. The report should include data on the receipt and expenditure of both financial and in-kind donations for the prior fiscal year and year-to-date data on donations made in the current fiscal year.

Comment: Please see the discussion on *pages 22-23* regarding the JBC staff recommendation to add this request for information.

Indirect Cost Methodology

DESCRIPTION OF INDIRECT COST ASSESSMENT METHODOLOGY

The Department of State does not have an indirect cost recovery plan for departmental indirect costs because it does not receive any General Fund appropriations that need to be offset by collection from other divisions. It is entirely cash funded by the Department of State Cash Fund.

The Department is part of the Statewide Indirect Cost Plan, as determined by the State Controller, and there is a line item in the Administration Division that accounts for that appropriation. Recent expenditures, appropriations, and the FY 2016-17 request are detailed in the table below:

Department of State Statewide Indirect Cost Assessments				
	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request
Statewide Indirects	\$107,012	\$128,983	\$156,308	\$184,132

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

Appendix A: Numbers Pages

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
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DEPARTMENT OF STATE
Wayne Williams, Secretary of State

(1) ADMINISTRATION

Personal Services	<u>1,600,548</u>	<u>1,508,092</u>	<u>1,631,684</u>	<u>1,664,924</u>	<u>1,664,924</u>
FTE	17.8	19.4	19.0	19.0	19.0
Cash Funds	1,600,548	1,508,092	1,631,684	1,664,924	1,664,924
Health, Life, and Dental	<u>273,763</u>	<u>708,778</u>	<u>1,047,002</u>	<u>1,030,749</u>	<u>1,030,749</u>
Cash Funds	273,763	708,778	1,047,002	1,030,749	1,030,749
Short-term Disability	<u>4,868</u>	<u>17,368</u>	<u>19,131</u>	<u>16,148</u>	<u>16,148</u>
Cash Funds	4,868	17,368	19,131	16,148	16,148
S.B. 04-257 Amortization Equalization					
Disbursement	<u>93,581</u>	<u>265,000</u>	<u>382,612</u>	<u>427,131</u>	<u>427,131</u>
Cash Funds	93,581	265,000	382,612	427,131	427,131
S.B. 06-235 Supplemental Amortization					
Equalization Disbursement	<u>84,483</u>	<u>265,000</u>	<u>369,568</u>	<u>422,682</u>	<u>422,682</u>
Cash Funds	84,483	265,000	369,568	422,682	422,682
Salary Survey	<u>57,376</u>	<u>216,883</u>	<u>95,089</u>	<u>1,071</u>	<u>1,071</u>
Cash Funds	57,376	216,883	95,089	1,071	1,071
Merit Pay	<u>35,929</u>	<u>84,574</u>	<u>100,385</u>	<u>0</u>	<u>0</u>
Cash Funds	35,929	84,574	100,385	0	0

JBC Staff Staff Figure Setting - FY 2016-17
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	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
Workers' Compensation	<u>14,078</u>	<u>12,921</u>	<u>14,187</u>	<u>19,432</u>	<u>19,432</u> *
Cash Funds	14,078	12,921	14,187	19,432	19,432
Operating Expenses	<u>278,054</u>	<u>407,206</u>	<u>500,816</u>	<u>500,816</u>	<u>450,000</u> S
Cash Funds	278,054	407,206	500,816	500,816	450,000
Legal Services	<u>421,541</u>	<u>457,529</u>	<u>503,553</u>	<u>509,595</u>	<u>413,445</u> P S
Cash Funds	421,541	457,529	503,553	509,595	413,445
Administrative Law Judge Services	<u>31,136</u>	<u>33,136</u>	<u>76,431</u>	<u>120,984</u>	<u>120,984</u> * P
Cash Funds	31,136	33,136	76,431	120,984	120,984
Payment to Risk Management and Property Funds	<u>40,676</u>	<u>53,338</u>	<u>59,693</u>	<u>96,247</u>	<u>96,247</u> P
Cash Funds	40,676	53,338	59,693	96,247	96,247
Vehicle Lease Payments	<u>3,071</u>	<u>528</u>	<u>926</u>	<u>4,881</u>	<u>4,881</u> * P
Cash Funds	3,071	528	926	4,881	4,881
Leased Space	<u>641,271</u>	<u>655,164</u>	<u>636,211</u>	<u>718,739</u>	<u>718,739</u>
Cash Funds	641,271	655,164	636,211	718,739	718,739
Payments to OIT	<u>0</u>	<u>0</u>	<u>0</u>	<u>343,717</u>	<u>343,717</u> * P
Cash Funds	0	0	0	343,717	343,717
CORE Operations	<u>40,140</u>	<u>5,336</u>	<u>17,031</u>	<u>16,228</u>	<u>16,228</u> P
Cash Funds	40,140	5,336	17,031	16,228	16,228
Indirect Cost Assessment	<u>107,012</u>	<u>128,983</u>	<u>156,308</u>	<u>184,132</u>	<u>184,132</u> P
Cash Funds	107,012	128,983	156,308	184,132	184,132

* - This line item includes a decision item.

S - This line item includes a JBC staff initiated change.

P - This line item is pending Committee action.

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
Discretionary Fund	<u>5,000</u>	<u>4,880</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
Cash Funds	5,000	4,880	5,000	5,000	5,000
Purchase of Services from Computer Center	<u>165,228</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u> X
Cash Funds	165,228	0	0	0	0
Colorado State Network	<u>105,595</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u> X
Cash Funds	105,595	0	0	0	0
Information Technology Security	<u>2,787</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u> X
Cash Funds	2,787	0	0	0	0
TOTAL - (1) Administration	4,006,137	4,824,716	5,615,627	6,082,476	5,935,510
<i>FTE</i>	<u>17.8</u>	<u>19.4</u>	<u>19.0</u>	<u>19.0</u>	<u>19.0</u>
Cash Funds	4,006,137	4,824,716	5,615,627	6,082,476	5,935,510

X - This line item is no longer included in the Department's Long Bill.

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
(2) INFORMATION TECHNOLOGY					
Personal Services	<u>5,590,874</u>	<u>5,774,121</u>	<u>4,723,907</u>	<u>4,796,771</u>	<u>4,796,771</u>
FTE	36.0	37.3	36.0	36.0	36.0
Cash Funds	5,590,874	5,774,121	4,723,907	4,796,771	4,796,771
Operating Expenses	<u>461,150</u>	<u>793,600</u>	<u>481,112</u>	<u>481,112</u>	<u>481,112</u>
Cash Funds	461,150	793,600	481,112	481,112	481,112
Hardware/Software Maintenance	<u>1,428,877</u>	<u>1,236,201</u>	<u>1,738,242</u>	<u>1,738,242</u>	<u>1,738,242</u>
Cash Funds	1,428,877	1,236,201	1,738,242	1,738,242	1,738,242
Information Technology Asset Management	<u>809,250</u>	<u>501,269</u>	<u>445,418</u>	<u>445,418</u>	<u>445,418</u>
Cash Funds	809,250	501,269	445,418	445,418	445,418
TOTAL - (2) Information Technology	8,290,151	8,305,191	7,388,679	7,461,543	7,461,543
FTE	<u>36.0</u>	<u>37.3</u>	<u>36.0</u>	<u>36.0</u>	<u>36.0</u>
Cash Funds	8,290,151	8,305,191	7,388,679	7,461,543	7,461,543

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
(3) ELECTIONS DIVISION					
Personal Services	<u>2,056,543</u>	<u>1,984,711</u>	<u>2,187,020</u>	<u>2,224,719</u>	<u>2,224,719</u>
FTE	27.1	27.1	34.2	34.2	34.2
Cash Funds	2,056,543	1,984,711	2,187,020	2,224,719	2,224,719
Operating Expenses	<u>218,561</u>	<u>196,915</u>	<u>267,838</u>	<u>267,838</u>	<u>267,838</u>
Cash Funds	218,561	196,915	267,838	267,838	267,838
Help America Vote Act Program	<u>754,349</u>	<u>431,876</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
Cash Funds	754,349	431,876	10,000	10,000	10,000
Local Election Reimbursement	<u>2,455,163</u>	<u>2,409,260</u>	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,500,000</u>
Cash Funds	2,455,163	2,409,260	2,500,000	2,500,000	2,500,000
Initiative and Referendum	<u>149,114</u>	<u>82,396</u>	<u>150,000</u>	<u>250,000</u>	<u>250,000</u>
Cash Funds	149,114	82,396	150,000	250,000	250,000
TOTAL - (3) Elections Division	5,633,730	5,105,158	5,114,858	5,252,557	5,252,557
FTE	27.1	27.1	34.2	34.2	34.2
Cash Funds	5,633,730	5,105,158	5,114,858	5,252,557	5,252,557

JBC Staff Staff Figure Setting - FY 2016-17
Staff Working Document - Does Not Represent Committee Decision

	FY 2013-14 Actual	FY 2014-15 Actual	FY 2015-16 Appropriation	FY 2016-17 Request	FY 2016-17 Recommendation
(4) BUSINESS AND LICENSING DIVISION					
Personal Services	<u>2,338,869</u>	<u>2,431,354</u>	<u>2,523,122</u>	<u>2,572,700</u>	<u>2,572,700</u> S
FTE	38.5	40.1	48.1	48.1	47.1
Cash Funds	2,338,869	2,431,354	2,523,122	2,572,700	2,572,700
Operating Expenses	<u>88,936</u>	<u>71,743</u>	<u>163,000</u>	<u>163,000</u>	<u>125,000</u>
Cash Funds	88,936	71,743	163,000	163,000	125,000
Business Intelligence Center Personal Services	<u>0</u>	<u>0</u>	<u>625,000</u>	<u>627,093</u>	<u>627,093</u> S
FTE	0.0	0.0	0.0	0.0	1.0
Cash Funds	0	0	625,000	627,093	627,093
Business Intelligence Center Operating Expenses	<u>0</u>	<u>0</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
Cash Funds	0	0	150,000	150,000	150,000
TOTAL - (4) Business and Licensing Division	<u>2,427,805</u>	<u>2,503,097</u>	<u>3,461,122</u>	<u>3,512,793</u>	<u>3,474,793</u>
FTE	<u>38.5</u>	<u>40.1</u>	<u>48.1</u>	<u>48.1</u>	<u>48.1</u>
Cash Funds	2,427,805	2,503,097	3,461,122	3,512,793	3,474,793
TOTAL - Department of State	<u>20,357,823</u>	<u>20,738,162</u>	<u>21,580,286</u>	<u>22,309,369</u>	<u>22,124,403</u>
FTE	<u>119.4</u>	<u>123.9</u>	<u>137.3</u>	<u>137.3</u>	<u>137.3</u>
General Fund	0	0	0	0	0
Cash Funds	20,357,823	20,738,162	21,580,286	22,309,369	22,124,403
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0

S - This line item includes a JBC staff initiated change.