

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



**FY 2015-16
STAFF FIGURE SETTING RECOMMENDATIONS**

DEPARTMENT OF STATE

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

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DEPARTMENT OF STATE

Department Overview

The Secretary of State is one of five independently elected constitutional officers of the State. As the chief executive officer of the Department of State, the Secretary of State receives and makes available to the public a number of records that are mandated to be filed with the State. These filings include business entity filings, administrative rules of state agencies, and campaign finance disclosures.

The Secretary of State is also the State's chief election official, and the Department administers statutory and constitutional provisions that relate to the conduct of elections in the State. In FY 2013-14, the Department was restructured into four separate divisions with the following primary responsibilities:

Administration Division

- Provides personnel, finance, and general administrative support for all divisions.

Information Technology Services

- Provides technical and project management services, systems development, and support to programs administered by the Department.

Elections Division

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

Business and Licensing Division

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

DEPARTMENT REQUEST AND RECOMMENDATION SUMMARY

Executive Request

The Department of State requests an appropriation of \$22,186,473 cash funds and 137.3 FTE. All funding for the Department is from the Department of State Cash Fund with the exception of a small amount of funding for the Help America Vote Act (HAVA) program from the continuously-appropriated Federal Elections Assistance Cash Fund. Approximately 96.0 percent of all Department revenue is from business filing fees.

Staff Recommendation

Staff recommends an appropriation of \$21,349,445 cash funds and 137.3 FTE for FY 2015-16, which is \$837,018 less than the Department's request. This difference is largely due to staff recommendations for reduced appropriations for request R2 (Business Intelligence Center) and Help America Vote Act (HAVA) expenditures. The staff recommendation is summarized in the table below, followed by brief description of each item listed.

Department of State				
	Total Funds	General Fund	Cash Funds	FTE
FY 2014-15 Appropriation				
HB 14-1336 (Long Bill)	\$21,893,762	\$0	\$21,893,762	137.2
Other legislation	243,113	0	243,113	0.1
SB 15-162 (Supplemental)	<u>371,462</u>	<u>0</u>	<u>371,462</u>	<u>0.0</u>
TOTAL	\$22,508,337	\$0	\$22,508,337	137.3
FY 2015-16 Recommended Appropriation				
FY 2014-15 Appropriation	\$22,508,337	\$0	\$22,508,337	137.3
R1 Local Election Reimbursement	495,964	0	495,964	0.0
R2 Business Intelligence Center	250,000	0	250,000	0.0
R3 Elections Division Operating Expenses	70,265	0	70,265	0.0
Centrally appropriated line items	424,042	0	424,042	0.0
Indirect cost assessment	27,325	0	27,325	0.0
Annualize prior year funding	(2,087,256)	0	(2,087,256)	0.0
JBC staff initiated adjustment (HAVA)	<u>(339,222)</u>	<u>0</u>	<u>(339,222)</u>	<u>0.0</u>
TOTAL	\$21,349,455	\$0	\$21,349,455	137.3
Increase/(Decrease)	(\$1,158,882)	\$0	(\$1,158,882)	0.0
Percentage Change	(5.1%)	0.0%	(5.1%)	0.0%
FY 2015-16 Executive Request	\$22,186,473	\$0	\$22,186,473	137.3
Request Above/(Below) Recommendation	\$837,018	\$0	\$837,018	0.0

Issue Descriptions

R1 Local Election Reimbursement: The recommendation includes an increase of \$495,964 cash funds to fully fund reimbursements to counties for election expenses, as required by statute (Section 1-5-505.5, C.R.S.).

R2 Business Intelligence Center: The recommendation includes an increase of \$250,000 cash funds and the addition of one new Long Bill line item to support the collection, management, and distribution of public data by the Business Intelligence Center (BIC) program. The recommendation also includes a technical adjustment and a net-zero transfer of 1.0 FTE between line items in the Business and Licensing Division to more accurately reflect program staffing.

R3 Elections Division Operating Expenses: The recommendation includes an increase of \$70,265 cash funds for additional operating expenses associated with training and certifying county clerks and local elections officials, the observation and oversight of elections, and the provision of support to counties.

Centrally appropriated line items: The recommendation includes adjustments to centrally appropriated line items for the following: state contributions for health, life, and dental benefits; merit pay; salary survey; short-term disability; supplemental state contributions to the Public Employees' Retirement Association (PERA) pension fund; vehicle lease payments; workers' compensation; legal services; administrative law judges; payment to risk management and property funds; leased space; and CORE operations. *Staff recommendation for legal services is pending Committee action. Adjustments to all other centrally appropriated line items were approved by the Committee during the figure setting presentations for compensation common policies on January 14, 2015, and the Department of Personnel on February 3, 2015.*

Indirect cost assessment: The recommendation includes an increase of \$27,325 cash funds to reflect adjustments to the Indirect Cost Assessment line item as a result of the Statewide Indirect Cost Plan.

Annualize prior year funding: The recommendation includes adjustments related to prior year legislation and budget actions. The primary changes are: (1) the annualization of \$1.5 million cash funds for the Business Intelligence Center program in the Business and Licensing Division; and (2) the annualization of one-time funding from prior year legislation.

JBC staff initiated adjustment (HAVA): The recommendation includes a decrease of \$339,222 cash funds for continuously appropriated funds related to the Help America Vote Act (HAVA).

INITIATIVE AFFECTING MULTIPLE LINE ITEMS

➔ R2 Business Intelligence Center

Request: The Department requests \$775,000 cash funds to provide funding for the Business Intelligence Center (BIC) program and the Go Code Colorado (GCC) statewide application challenge event. The request includes the creation of two new Long Bill line items in the Business and Licensing Division and would divide funding between them as shown in the table below.

FY 2015-16 BIC Funding Request	
<u>BIC Personal Services (new line item)</u>	
Data Management	\$250,000
Event Management and Communications	225,000
Program Manager Salary and Benefits	120,000
Legal Services	<u>30,000</u>
Personal Services Total	\$625,000
<u>BIC Operating Expenses (new line item)</u>	
Winning App Contracts and Licenses	\$50,000
Communications and Marketing	35,000
Software Program Licenses	30,000
Travel Reimbursement	30,000
Administrative Fees	<u>5,000</u>
Operating Total	\$150,000
Total Request	\$775,000

The requested **Business Intelligence Center Personal Services** line item would fund:

- contractor services for the publication and maintenance of data on the Colorado Information Marketplace;
- media relations, social media outreach, email campaigns, website content creation, event management and support, and project management for GCC events;
- the BIC Program Manager salary and benefits; and
- legal services for intellectual property, procurement, and business strategy for GCC.

The requested **Business Intelligence Center Operating Expenses** line item would fund:

- licenses for the winning GCC applications;
- video production, promotional materials, and marketing for the GCC events;
- licenses for the software program used to administer GCC events; and
- travel costs and administrative fees related to GCC events.

Recommendation: Staff recommends a total appropriation of \$375,000 cash funds and 1.0 FTE, as well as the addition of one new line item for the Business Intelligence Center in the Business and Licensing Division. This includes:

- \$250,000 cash funds for data management and technical resource contract work;
- \$125,000 cash funds for BIC Program Manager salary and benefits;
- a technical adjustment to eliminate duplicate funding for the BIC Program Manager in the Administration Division; and
- a net-zero transfer of 1.0 FTE from the Business and Licensing-Personal Services line item to the new line item.

Please note that the recommendation appears as a net increase of \$250,000 cash funds in summary tables because the technical adjustment functions as a transfer, eliminating funding in one line item while approving the same amount in another. The overall recommendation is \$400,000 less than the Department's request because staff does not recommend funding for the portion of the request dedicated to Go Code Colorado.

Analysis: The Department's request has three major components discussed below.

(1) Data Collection, Publication, and Maintenance

The Business Intelligence Center was established to address the challenge of finding and using publicly-available data to benefit the business community and the general public. Starting in FY 2013-14, BIC has overseen the collection, publication, and maintenance of datasets from across state agencies using Colorado Information Marketplace (CIM) data platform as a centralized point of access. The Department already manages a large volume of information through the state's central business registry and the BIC program capitalizes on that to assemble a valuable source of data for businesses, developers, and the public. After simpler data has been processed and made available, the Department expects the volume of datasets published to decrease over time but anticipates the relative complexity of each new dataset will begin to increase.

Consolidating access to high quality data from state agencies has clear benefits for businesses and the public. As such, the **staff recommendation** includes \$250,000 cash funds to continue the data management and technical resource contract work involving the identification, curation, transformation, and publication of new data to the Colorado Information Marketplace.

(2) Go Code Colorado App Challenge

Go Code Colorado is a statewide application challenge event hosted by the BIC program for the past two years. Teams of software developers and members of the Colorado business community are charged with developing apps that utilize the data gathered and maintained by BIC. The top three GCC finalists receive a one-year contract with the state to develop and maintain their applications.

Staff's primary concern with this portion of the request is that continuing the GCC event in the long-term falls outside the two main responsibilities of the Department: collecting business filing documents and fees, and elections administration. While the collection and publication of data by BIC aligns with the Department's obligation to track and maintain a public record of business

data, the GCC event is secondary to that effort. It was designed as a promotional event to illustrate the potential of open data to other state agencies and alert developers to the availability of high quality data rather than to provide it. The Department has indicated that demand for BIC data exists outside of the GCC events, which suggests that resources should be dedicated to developing CIM for the benefit of all businesses rather than expended on program promotion.

At a cost of approximately \$390,000 per year, the GCC event currently costs more than the collection and maintenance of the public data it was designed to promote. The apps benefit relatively narrow segments of the business community and measurable benefits are challenging to identify. The Department could conceivably expand the benefit of that revenue to a larger subset of businesses by using it to support a fee holiday, something the Department has done regularly when fee revenue exceeds costs.

The reported average monthly cost of the most recent fee holiday for new businesses was \$406,300 in fee revenue and the Department received an average of 2,192 additional new entity filings per month compared to the same months of the prior year. The Quarterly Report by the CU Leeds School of Business for the third quarter of 2014 reported a 32.2 percent increase in new entity filings and attributes the sharp increase to the fee holiday. As the Department has pointed out, new business filings have been identified as a leading indicator of employment growth in the state.

Due to these concerns, the *staff recommendation* does not include funding for the Go Code Colorado app challenge events. Please note that the Department estimates that approximately half of the \$775,000 requested for FY 2015-16 would be used to pay for running the Go Code Colorado challenge and associated events.¹ The total staff recommendation for this request item is 48.4 percent of the Department's request, in line with the amount the Department would need to support the BIC program without GCC expenditures.

(3) BIC Program Manager Salary and Benefits

The request includes \$120,000 cash funds to fund salary and benefits for the BIC Program Manager. The BIC Program Manager oversees contractors and vendors, works with public and private stakeholders, supports the BIC advisory and executive boards, gives presentations to promote open data and encourage business access, and coordinates the GCC challenge.

There are a number of issues with this portion of the request. First, the Committee already approved an ongoing appropriation of \$125,000 cash funds for the BIC Program Manager in the Administration Division during the 2013 legislative session. This amount was built into the base appropriation for the Administration-Personal Services line item starting in FY 2013-14. By including funding for the BIC Program Manager, the Department request duplicates the ongoing funding being carried forward as part of the original appropriation. Second, the Department's intent was to continue funding for the BIC Program Manager at the same level as prior year appropriations. The amount requested was \$5,000 less than the current appropriation in error.

The *staff recommendation* addresses both issues by: (1) removing the original appropriation of \$125,000 cash funds being carried forward in the base for the Administration Division-Personal

¹ Please see the Department response to Question 13 on the Hearing Agenda from December 2, 2015.

Services line item; and (2) recommending a corrected appropriation of \$125,000 cash funds for the BIC Program Manager in the Business and Licensing Division.

Additionally, while the request does not require a new FTE, the Department indicated it has been using 1.0 FTE in the Business and Licensing Division-Personal Services line item for the BIC Program Manager. Staff recommends a net-zero transfer of 1.0 FTE from the Personal Services line item to the recommended Business Intelligence Center line item to clearly identify program staffing and more accurately reflect FTE usage within the Business and Licensing Division.

Other Considerations

While the staff recommendation does not include funding for Go Code Colorado, staff offers two alternative options for the Committee's consideration:

1. *Approve the Request as Submitted*

The Committee may wish to approve the full request as submitted. Please note that the JBC staff recommended reduction of \$125,000 cash funds in the Administration-Personal Services line item would still be required to eliminate duplicate funding for the BIC Program Manager. Under the Department's request, funding for the BIC Program Manager would be provided in the new Business and Licensing Division-Business Intelligence Center Personal Services line item.

2. *Move Responsibility for Go Code Colorado to a Different Agency*

If the Committee wishes to approve funding for Go Code Colorado, staff recommends considering moving responsibility for the event to a different agency. Both the Office of Economic Development and International Trade (OEDIT) and the Office of Information Technology (OIT) have collaborated with the Department on GCC events. However, it is staff's opinion that the functions of these two agencies are more clearly related to the specific objectives of Go Code Colorado and may be better suited to take over the event going forward.

Pursuant to Section 24-48.5-101 (2), C.R.S., OEDIT is tasked with creating a positive business climate and encouraging economic development. These responsibilities are specifically outlined in statute and are closely aligned with the objectives of GCC as a promotional event that encourages the development apps to address business challenges. OEDIT is currently funded with a mix of General Fund, various cash funds, and federal funds.

Alternatively, OIT is the agency responsible for hosting the Colorado Information Marketplace data platform and has a goal of increasing its use. This is consistent with one of the main objectives of the GCC event, which is to raise awareness of the data available on the CIM and demonstrate its potential usefulness to state agencies, businesses, and the general public. OIT is funded through reappropriated funds collected from other state agencies, a number of which benefit from the data availability but do not currently contribute to the BIC program or the GCC event.

(1) Administration

This division is responsible for the general management and supervision of the Department, including finance, budgeting, and human resources.

DIVISION REQUEST AND RECOMMENDATION SUMMARY

Administration				
	Total Funds	General Fund	Cash Funds	FTE
FY 2014-15 Appropriation				
HB 14-1336 (Long Bill)	\$5,760,341	\$0	\$5,760,341	19.0
SB 15-162 (Supplemental)	<u>(33,762)</u>	<u>0</u>	<u>(33,762)</u>	<u>0.0</u>
TOTAL	\$5,726,579	\$0	\$5,726,579	19.0
FY 2015-16 Recommended Appropriation				
FY 2014-15 Appropriation	\$5,726,579	\$0	\$5,726,579	19.0
R2 Business Intelligence Center	(125,000)	0	(125,000)	0.0
Centrally appropriated line items	424,042	0	424,042	0.0
Indirect cost assessment	27,325	0	27,325	0.0
Annualize prior year funding	<u>(268,150)</u>	<u>0</u>	<u>(268,150)</u>	<u>0.0</u>
TOTAL	\$5,784,796	\$0	\$5,784,796	19.0
Increase/(Decrease)	\$58,217	\$0	\$58,217	0.0
Percentage Change	1.0%	0.0%	1.0%	0.0%
FY 2015-16 Executive Request:	\$5,882,592	\$0	\$5,882,592	19.0
Request Above/(Below)				
Recommendation	\$97,796	\$0	\$97,796	0.0

LINE ITEM DETAIL

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.

Request: The Department requests an appropriation of \$1,756,684 cash funds and 19.0 FTE for FY 2015-16. This includes the annualization of prior year salary survey and merit pay.

Recommendation: Staff recommends an appropriation of \$1,631,684 cash funds and 19.0 FTE as shown in the following table. This includes a decrease of \$125,000 cash funds to eliminate

JBC Staff Figure Setting: FY 2015-16
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duplicate funding for the BIC Program Manager that is part of the JBC staff recommendation for a new line item located in the Business and Licensing Division (R2).

Administration, Personal Services				
	Total Funds	General Fund	Cash Funds	FTE
FY 2014-15 Appropriation				
HB 14-1336 (Long Bill)	<u>\$1,707,139</u>	<u>\$0</u>	<u>\$1,707,139</u>	<u>19.0</u>
TOTAL	\$1,707,139	\$0	\$1,707,139	19.0
FY 2015-16 Recommended Appropriation				
FY 2014-15 Appropriation	\$1,707,139	\$0	\$1,707,139	19.0
R2 Business Intelligence Center	(125,000)	0	(125,000)	0.0
Annualize prior year funding	<u>49,545</u>	<u>0</u>	<u>49,545</u>	<u>0.0</u>
TOTAL	\$1,631,684	\$0	\$1,631,684	19.0
Increase/(Decrease)	(\$75,455)	\$0	(\$75,455)	0.0
Percentage Change	(4.4%)	0.0%	(4.4%)	0.0%
FY 2015-16 Executive Request:	\$1,756,684	\$0	\$1,756,684	19.0
Request Above/(Below)				
Recommendation	\$125,000	\$0	\$125,000	0.0

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.

Request: The Department requests an appropriation of \$1,035,446 cash funds for FY 2015-16. This includes a non-prioritized budget amendment.

Recommendation: Staff recommends an appropriation of \$1,047,002 cash funds in accordance with Committee-approved common policy, as shown in the table below.

Administration, Health, Life, and Dental				
	Total Funds	General Fund	Cash Funds	FTE
FY 2014-15 Appropriation				
HB 14-1336 (Long Bill)	<u>\$924,392</u>	<u>\$0</u>	<u>\$924,392</u>	<u>0.0</u>
TOTAL	\$924,392	\$0	\$924,392	0.0
FY 2015-16 Recommended Appropriation				
FY 2014-15 Appropriation	\$924,392	\$0	\$924,392	0.0

JBC Staff Figure Setting: FY 2015-16
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Administration, Health, Life, and Dental				
	Total Funds	General Fund	Cash Funds	FTE
Centrally appropriated line items	<u>122,610</u>	<u>0</u>	<u>122,610</u>	<u>0.0</u>
TOTAL	\$1,047,002	\$0	\$1,047,002	0.0
Increase/(Decrease)	\$122,610	\$0	\$122,610	0.0
Percentage Change	13.3%	0.0%	13.3%	0.0%
FY 2015-16 Executive Request:	\$1,035,446	\$0	\$1,035,446	0.0
Request Above/(Below)				
Recommendation	(\$11,556)	\$0	(\$11,556)	0.0

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.

Request and Recommendation: The Department requests an appropriation of \$19,131 cash funds for FY 2015-16. Staff recommends approving the Department's request in accordance with Committee-approved common policy.

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).

Request and Recommendation: The Department requests an appropriation of \$382,612 cash funds for FY 2015-16. Staff recommends approving the Department's request in accordance with Committee-approved common policy.

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.

Request and Recommendation: The Department requests an appropriation of \$369,568 cash funds for FY 2015-16. Staff recommends approving the Department's request in accordance with Committee-approved common policy.

Salary Survey

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

Request and Recommendation: The Department requests an appropriation of \$95,089 cash funds for FY 2015-16. Staff recommends approving the Department's request in accordance with Committee-approved common policy.

Merit Pay

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

Request and Recommendation: The Department requests an appropriation of \$100,385 cash funds for FY 2015-16. Staff recommends approving the Department's request in accordance with Committee-approved common policy.

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.

Request: The Department requests an appropriation of \$14,023 cash funds for FY 2015-16.

Recommendation: Staff recommends an appropriation of \$14,187 cash funds in accordance with Committee-approved common policy, as shown in the table below.

Administration, Workers' Compensation				
	Total Funds	General Fund	Cash Funds	FTE
FY 2014-15 Appropriation				
HB 14-1336 (Long Bill)	<u>\$12,921</u>	<u>\$0</u>	<u>\$12,921</u>	<u>0.0</u>
TOTAL	\$12,921	\$0	\$12,921	0.0
FY 2015-16 Recommended Appropriation				
FY 2014-15 Appropriation	\$12,921	\$0	\$12,921	0.0
Centrally appropriated line items	<u>1,266</u>	<u>0</u>	<u>1,266</u>	<u>0.0</u>
TOTAL	\$14,187	\$0	\$14,187	0.0
Increase/(Decrease)	\$1,266	\$0	\$1,266	0.0
Percentage Change	9.8%	0.0%	9.8%	0.0%
FY 2015-16 Executive Request:	\$14,023	\$0	\$14,023	0.0
Request Above/(Below)				
Recommendation	(\$164)	\$0	(\$164)	0.0

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.

JBC Staff Figure Setting: FY 2015-16
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Request: The Department requests an appropriation of \$500,816 cash funds for FY 2015-16. This includes the annualization of \$50,000 in prior year funding for the Business Intelligence Center.

Recommendation: Staff recommends approving the Department's request as shown in the table below.

Administration, Operating Expenses				
	Total Funds	General Fund	Cash Funds	FTE
FY 2014-15 Appropriation				
HB 14-1336 (Long Bill)	<u>\$550,816</u>	<u>\$0</u>	<u>\$550,816</u>	<u>0.0</u>
TOTAL	\$550,816	\$0	\$550,816	0.0
FY 2015-16 Recommended Appropriation				
FY 2014-15 Appropriation	\$550,816	\$0	\$550,816	0.0
Annualize prior year funding	<u>(50,000)</u>	<u>0</u>	<u>(50,000)</u>	<u>0.0</u>
TOTAL	\$500,816	\$0	\$500,816	0.0
Increase/(Decrease)	(\$50,000)	\$0	(\$50,000)	0.0
Percentage Change	(9.1%)	0.0%	(9.1%)	0.0%
FY 2015-16 Executive Request:	\$500,816	\$0	\$500,816	0.0
Request Above/(Below)				
Recommendation	\$0	\$0	\$0	0.0

Legal Services

This line item provides funding for the Department to purchase legal services from the Department of Law. The following table outlines the Department's legal services appropriations and expenditures from FY 2007-08 through FY 2013-14, and a staff projection for FY 2014-15.

Actual Legal Services Hours and Expenditures FY06-07 through FY13-14								
	FY07-08	FY08-09	FY09-10	FY10-11	FY11-12	FY12-13	FY13-14	FY 14-15*
Appropriated Legal Services Hours	3,123	5,187	7,118	7,118	7,118	7,118	7,118	7,118
Actual Legal Services Hours	4,125	3,066	4,187	5,058	6,645	3,700	3,179	3,735
Legal Services Expenditures	\$341,431	\$299,156	\$357,816	\$436,780	\$538,296	\$481,421	\$421,451	\$383,334

* Staff projection.

**Please note that expenditures for FY 2012-13 and FY 2013-14 include expenditures for the use of outside counsel.

The actual number of legal services hours purchased has been between 473 and 3,939 hours *less* than the Department's recent annual appropriation of 7,118 legal services hours. In consultation with the Department of Law, staff is recommending a reduced legal services appropriation equal to 5,300 hours. An appropriation of this size is sufficient for pending litigation and general representation while better reflecting the Department's actual use of legal services hours.

JBC Staff Figure Setting: FY 2015-16
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Request: The Department requests an appropriation of \$672,722 cash funds to purchase 7,118 legal services hours from the Department of Law for FY 2015-16.

Recommendation: Staff recommends an appropriation sufficient to purchase **5,300 hours** of legal services. Staff will calculate the actual appropriation after the Committee sets the common policy for the legal services rate and requests permission to reflect that appropriation in the Long Bill.

Administrative Law Judge Services

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

Request: The Department requests an appropriation of \$76,761 cash funds for FY 2015-16.

Recommendation: Staff recommends an appropriation of \$76,431 cash funds in accordance with Committee-approved common policy, as shown in the table below. This includes the annualization of prior year supplemental funding.

Administration, Administrative Law Judge Services				
	Total Funds	General Fund	Cash Funds	FTE
FY 2014-15 Appropriation				
HB 14-1336 (Long Bill)	\$32,094	\$0	\$32,094	0.0
SB 15-162 (Supplemental)	<u>1,042</u>	<u>0</u>	<u>1,042</u>	<u>0.0</u>
TOTAL	\$33,136	\$0	\$33,136	0.0
FY 2015-16 Recommended Appropriation				
FY 2014-15 Appropriation	\$33,136	\$0	\$33,136	0.0
Centrally appropriated line items	44,337	0	44,337	0.0
Annualize prior year funding	<u>(1,042)</u>	<u>0</u>	<u>(1,042)</u>	<u>0.0</u>
TOTAL	\$76,431	\$0	\$76,431	0.0
Increase/(Decrease)	\$43,295	\$0	\$43,295	0.0
Percentage Change	130.7%	0.0%	130.7%	0.0%
FY 2015-16 Executive Request:	\$76,761	\$0	\$76,761	0.0
Request Above/(Below)				
Recommendation	\$330	\$0	\$330	0.0

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.

Request: The Department requests an appropriation of \$41,734 cash funds for FY 2015-16.

JBC Staff Figure Setting: FY 2015-16
Staff Working Document – Does Not Represent Committee Decision

Recommendation: Staff recommends an appropriation of \$59,693 cash funds in accordance with Committee-approved common policy, as shown in the table below.

Administration, Payment to Risk Management and Property Funds				
	Total Funds	General Fund	Cash Funds	FTE
FY 2014-15 Appropriation				
HB 14-1336 (Long Bill)	<u>\$53,338</u>	<u>\$0</u>	<u>\$53,338</u>	<u>0.0</u>
TOTAL	\$53,338	\$0	\$53,338	0.0
FY 2015-16 Recommended Appropriation				
FY 2014-15 Appropriation	\$53,338	\$0	\$53,338	0.0
Centrally appropriated line items	<u>6,355</u>	<u>0</u>	<u>6,355</u>	<u>0.0</u>
TOTAL	\$59,693	\$0	\$59,693	0.0
Increase/(Decrease)	\$6,355	\$0	\$6,355	0.0
Percentage Change	11.9%	0.0%	11.9%	0.0%
FY 2015-16 Executive Request:				
Request Above/(Below)	\$41,734	\$0	\$41,734	0.0
Recommendation	(\$17,959)	\$0	(\$17,959)	0.0

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 one vehicle which is used primarily for statewide travel for elections officials. The vehicle is not slated for replacement in FY 2015-16.

Request: The Department requests an appropriation of \$3,071 cash funds for FY 2015-16.

Recommendation: Staff recommends an appropriation of \$926 cash funds in accordance with Committee-approved common policy, as shown in the following table.

Administration, Vehicle Lease Payments				
	Total Funds	General Fund	Cash Funds	FTE
FY 2014-15 Appropriation				
HB 14-1336 (Long Bill)	<u>\$528</u>	<u>\$0</u>	<u>\$528</u>	<u>0.0</u>
TOTAL	\$528	\$0	\$528	0.0
FY 2015-16 Recommended Appropriation				
FY 2014-15 Appropriation	\$528	\$0	\$528	0.0

JBC Staff Figure Setting: FY 2015-16
Staff Working Document – Does Not Represent Committee Decision

Administration, Vehicle Lease Payments				
	Total Funds	General Fund	Cash Funds	FTE
Centrally appropriated line items	<u>398</u>	<u>0</u>	<u>398</u>	<u>0.0</u>
TOTAL	\$926	\$0	\$926	0.0
Increase/(Decrease)	\$398	\$0	\$398	0.0
Percentage Change	75.4%	0.0%	75.4%	0.0%
FY 2015-16 Executive Request:	\$3,071	\$0	\$3,071	0.0
Request Above/(Below)				
Recommendation	\$2,145	\$0	\$2,145	0.0

Leased Space

The line item funds the Department's office space at 1700 Broadway, Denver.

Request and Recommendation: The Department requests an appropriation of \$636,211 cash funds for FY 2015-16, which includes an annualization adjustment. Staff recommends approving the Department's request.

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.

Request and Recommendation: The Department requests an appropriation of \$17,031 cash funds for FY 2015-16. This includes a non-prioritized budget amendment. Staff recommends approving the Department's request in accordance with Committee-approved common policy.

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.

Request and Recommendation: The Department requests an appropriation of \$156,308 cash funds for FY 2015-16. This includes an adjustment to accurately reflect the Department's share of statewide indirect cost recoveries. Staff recommends approving the Department's request in accordance with Committee-approved common policy.

Discretionary Fund

Pursuant to Section 24-9-105, C.R.S., each of five elected state officials receives an annual appropriation 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 an appropriation of \$5,000 cash funds for this purpose.

Request and Recommendation: The Department requests an appropriation of \$5,000 cash funds for FY 2015-16. This represents continuation-level funding with no change from the FY 2014-15 appropriation. Staff recommends approving the Department's request.

(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.

DIVISION REQUEST AND RECOMMENDATION SUMMARY

Information Technology				
	Total Funds	General Fund	Cash Funds	FTE
FY 2014-15 Appropriation				
HB 14-1336 (Long Bill)	\$8,606,373	\$0	\$8,606,373	36.0
Other legislation	<u>223,360</u>	<u>0</u>	<u>223,360</u>	<u>0.0</u>
TOTAL	\$8,829,733	\$0	\$8,829,733	36.0
FY 2015-16 Recommended Appropriation				
FY 2014-15 Appropriation	\$8,829,733	\$0	\$8,829,733	36.0
Annualize prior year funding	<u>(1,441,054)</u>	<u>0</u>	<u>(1,441,054)</u>	<u>0.0</u>
TOTAL	\$7,388,679	\$0	\$7,388,679	36.0
Increase/(Decrease)	(\$1,441,054)	\$0	(\$1,441,054)	0.0
Percentage Change	(16.3%)	0.0%	(16.3%)	0.0%
FY 2015-16 Executive Request:	\$7,388,679	\$0	\$7,388,679	36.0
Request Above/(Below)				
Recommendation	\$0	\$0	\$0	0.0

LINE ITEM DETAIL

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.

Request: The Department requests an appropriation of \$4,723,907 cash funds and 36.0 FTE for FY 2015-16. This includes the annualization of prior year merit pay and salary survey, legislation (S.B. 14-161 and H.B. 14-1369), and \$1,000,000 cash funds for the Business Intelligence Center.

JBC Staff Figure Setting: FY 2015-16
Staff Working Document – Does Not Represent Committee Decision

Recommendation: Staff recommends approving the Department's request as shown in the table below.

Information Technology, Information Technology, Personal Services				
	Total Funds	General Fund	Cash Funds	FTE
FY 2014-15 Appropriation				
HB 14-1336 (Long Bill)	\$5,616,601	\$0	\$5,616,601	36.0
Other legislation	<u>163,360</u>	<u>0</u>	<u>163,360</u>	<u>0.0</u>
TOTAL	\$5,779,961	\$0	\$5,779,961	36.0
FY 2015-16 Recommended Appropriation				
FY 2014-15 Appropriation	\$5,779,961	\$0	\$5,779,961	36.0
Annualize prior year funding	<u>(1,056,054)</u>	<u>0</u>	<u>(1,056,054)</u>	<u>0.0</u>
TOTAL	\$4,723,907		\$4,723,907	36.0
Increase/(Decrease)	(\$1,056,054)	\$0	(\$1,056,054)	0.0
Percentage Change	(18.3%)	0.0%	(18.3%)	0.0%
FY 2015-16 Executive Request:	\$4,723,907	\$0	\$4,723,907	36.0
Request Above/(Below)				
Recommendation	\$0	\$0	\$0	0.0

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.

Request: The Department requests an appropriation of \$481,112 cash funds for FY 2015-16. This includes the annualization of \$325,000 cash funds for the Business Intelligence Center.

Recommendation: Staff recommends approving the Department's request as shown in the table below.

Information Technology, Operating Expenses				
	Total Funds	General Fund	Cash Funds	FTE
FY 2014-15 Appropriation				
HB 14-1336 (Long Bill)	<u>\$806,112</u>	<u>\$0</u>	<u>\$806,112</u>	<u>0.0</u>
TOTAL	\$806,112	\$0	\$806,112	0.0

JBC Staff Figure Setting: FY 2015-16
Staff Working Document – Does Not Represent Committee Decision

Information Technology, Operating Expenses				
	Total Funds	General Fund	Cash Funds	FTE
FY 2015-16 Recommended Appropriation				
FY 2014-15 Appropriation	\$806,112	\$0	\$806,112	0.0
Annualize prior year funding	<u>(325,000)</u>	<u>0</u>	<u>(325,000)</u>	<u>0.0</u>
TOTAL	\$481,112	\$0	\$481,112	0.0
Increase/(Decrease)	(\$325,000)	\$0	(\$325,000)	0.0
Percentage Change	(40.3%)	0.0%	(40.3%)	0.0%
FY 2015-16 Executive Request:				
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

Hardware/Software Maintenance

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

Request and Recommendation: The Department requests an appropriation of \$1,738,242 cash funds for FY 2015-16. This represents continuation-level funding with no change from the FY 2014-15 appropriation. Staff recommends approving the Department's request.

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.

Request: The Department requests an appropriation of \$445,418 cash funds for FY 2015-16. This includes the annualization of \$60,000 in prior year funding from S.B. 14-161 (Update Uniform Election Code of 1992).

Recommendation: Staff recommends approving the Department's request as shown in the table below.

Information Technology, Information Technology Asset Management				
	Total Funds	General Fund	Cash Funds	FTE
FY 2014-15 Appropriation				
HB 14-1336 (Long Bill)	\$445,418	\$0	\$445,418	0.0
Other legislation	<u>60,000</u>	<u>0</u>	<u>60,000</u>	<u>0.0</u>
TOTAL	\$505,418	\$0	\$505,418	0.0

JBC Staff Figure Setting: FY 2015-16
Staff Working Document – Does Not Represent Committee Decision

Information Technology, Information Technology Asset Management				
	Total Funds	General Fund	Cash Funds	FTE
FY 2015-16 Recommended Appropriation				
FY 2014-15 Appropriation	\$505,418	\$0	\$505,418	0.0
Annualize prior year funding	<u>(60,000)</u>	<u>0</u>	<u>(60,000)</u>	<u>0.0</u>
TOTAL	\$445,418	\$0	\$445,418	0.0
Increase/(Decrease)	(\$60,000)	\$0	(\$60,000)	0.0
Percentage Change	(11.9%)	0.0%	(11.9%)	0.0%
FY 2015-16 Executive Request:	\$445,418	\$0	\$445,418	0.0
Request Above/(Below) Recommendation	\$0	\$0	\$0	0.0

(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.

DIVISION REQUEST AND RECOMMENDATION SUMMARY

Elections Division				
	Total Funds	General Fund	Cash Funds	FTE
FY 2014-15 Appropriation				
HB 14-1336 (Long Bill)	\$4,922,080	\$0	\$4,922,080	34.2
Other legislation	14,618	0	14,618	0.0
SB 15-162 (Supplemental)	<u>405,224</u>	<u>0</u>	<u>405,224</u>	<u>0.0</u>
TOTAL	\$5,341,922	\$0	\$5,341,922	34.2
FY 2015-16 Recommended Appropriation				
FY 2014-15 Appropriation	\$5,341,922	\$0	\$5,341,922	34.2
R1 Local Election Reimbursement	495,964	0	495,964	0.0
R3 Elections Division Operating Expenses	70,265	0	70,265	0.0
Annualize prior year funding	(454,071)	0	(454,071)	0.0
JBC staff initiated adjustment	<u>(339,222)</u>	<u>0</u>	<u>(339,222)</u>	<u>0.0</u>
TOTAL	\$5,114,858	\$0	\$5,114,858	34.2
Increase/(Decrease)	(\$227,064)	\$0	(\$227,064)	0.0
Percentage Change	(4.3%)	0.0%	(4.3%)	0.0%
FY 2015-16 Executive Request:	\$5,454,080	\$0	\$5,454,080	34.2
Request Above/(Below) Recommendation	\$339,222	\$0	\$339,222	0.0

LINE ITEM DETAIL

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.

JBC Staff Figure Setting: FY 2015-16
Staff Working Document – Does Not Represent Committee Decision

Request: The Department requests an appropriation of \$2,187,020 cash funds and 34.2 FTE for FY 2015-16. This includes the annualization of prior year merit pay and salary survey.

Recommendation: Staff recommends approving the Department's request as shown in the following table.

Elections Division, Personal Services				
	Total Funds	General Fund	Cash Funds	FTE
FY 2014-15 Appropriation				
HB 14-1336 (Long Bill)	<u>\$2,118,433</u>	<u>\$0</u>	<u>\$2,118,433</u>	<u>34.2</u>
TOTAL	\$2,118,433	\$0	\$2,118,433	34.2
FY 2015-16 Recommended Appropriation				
FY 2014-15 Appropriation	\$2,118,433	\$0	\$2,118,433	34.2
Centrally appropriated line items	<u>68,587</u>	<u>0</u>	<u>68,587</u>	<u>0.0</u>
TOTAL	\$2,187,020	\$0	\$2,187,020	34.2
Increase/(Decrease)	\$68,587	\$0	\$68,587	0.0
Percentage Change	3.2%	0.0%	3.2%	0.0%
FY 2015-16 Executive Request:	\$2,187,020	\$0	\$2,187,020	34.2
Request Above/(Below)				
Recommendation	\$0	\$0	\$0	0.0

Operating Expenses

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

Request: The Department requests an appropriation of \$267,838 cash funds FY 2015-16. This includes the annualization of \$17,434 in prior year funding from S.B. 14-161 (Update Uniform Election Code of 1992), as well as the following request item.

➔ R3 Increase to Elections Operating Expenses

The request includes an increase of \$70,265 cash funds from the Department of State Cash Fund to meet the increased need for the certification of local elections officials, observation and oversight of elections, and provision of support to counties.

Recommendation: Staff recommends approving the Department's request as shown in the following table.

JBC Staff Figure Setting: FY 2015-16
Staff Working Document – Does Not Represent Committee Decision

Elections Division, Operating Expenses				
	Total Funds	General Fund	Cash Funds	FTE
FY 2014-15 Appropriation				
HB 14-1336 (Long Bill)	\$200,389	\$0	\$200,389	0.0
Other legislation	<u>14,618</u>	<u>0</u>	<u>14,618</u>	<u>0.0</u>
TOTAL	\$215,007	\$0	\$215,007	0.0
FY 2015-16 Recommended Appropriation				
FY 2014-15 Appropriation	\$215,007	\$0	\$215,007	0.0
R3 Elections Division Operating Expenses	70,265	0	70,265	0.0
Annualize prior year funding	<u>(17,434)</u>	<u>0</u>	<u>(17,434)</u>	<u>0.0</u>
TOTAL	\$267,838		\$267,838	0.0
Increase/(Decrease)	\$52,831	\$0	\$52,831	0.0
Percentage Change	24.6%	0.0%	24.6%	0.0%
FY 2015-16 Executive Request:	\$267,838	\$0	\$267,838	0.0
Request Above/(Below) Recommendation	\$0		\$0	0.0

Analysis: The Department requests additional funding to address recent changes in the timing and manner of elections oversight required of the Elections Division. An increase in the number of county elections officials requiring certification and the requirements of recent legislation, described below, are driving an increase in workload. Staff agrees that, without increased funding for operating expenses, the Elections Division would be unable to provide sufficient training and oversight to ensure adequate compliance with election law.

Elections Training and Certification

Pursuant to Section 1-1-301, C.R.S., the Secretary of State is required to provide a certification program for county clerks and local election officials on the conduct of elections, HAVA, and other elections-related issues. Counties vary widely in the number of staff with elections-related responsibilities, but the Department reports the increasing complexity of administering elections is driving growth in the number of county-level staff the require certification. At present, 377 county clerks and other local elections officials are certified, and the Department has been issuing an average of 50 new certifications each year. By the end of FY 2015-16, 427 officials are expected hold certification with 80 new certifications issued during the course of the year. This presents a significant increase in workload for the Department.

Additionally, 25 new county clerks were elected in the 2014 election. None of this new cohort is certified and more than half have limited prior experience with elections administration. Significant turnover among certified elections staff is also expected as the new county clerks take office. As a result, the Department has indicated that, in addition to the regular certification program, five week-long intensive training sessions are required to provide an introduction to the basics of elections.

Elections Support and Oversight

House Bill 13-1303 (Create the Voter Access & Modernized Elections Act) made a number of changes that increased the complexity of running elections, including: allowing same-day voter registration; instituting mail ballot elections; changing requirements for voter service centers; and increasing the frequency of change-of-address searches using the National Change of Address database. These adjustments require the Department to provide increased levels of oversight and support to counties. During the most recent election, for example, the Department observed five counties and made onsite visits to all 64 counties, visiting 90.0 percent of all polling centers to ensure compliance with SCORE acceptable use policies, and the Americans with Disabilities Act. Overall, the total cost of training, support, and oversight of elections has increased 335.0 percent since FY 2009-10, and the Department anticipates the need for higher levels of oversight and support will continue as election reform makes elections more complicated to administer.

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 (Section 1-1.5-106 (2) (b), C.R.S.). The appropriation for this line item is included for informational purposes only.

Request: The Department requests an appropriation of \$349,222 cash funds from the Federal Elections Assistance Cash Fund in FY 2015-16.

Recommendation: Staff recommends an appropriation of \$10,000 cash funds as a nominal, placeholder amount, as shown in the table below. Funding for this line item is continuously appropriated and is included for informational purposes only. The Department's request amount is not tied to planned or projected spending from this line item.

Elections Division, Help America Vote Act Program				
	Total Funds	General Fund	Cash Funds	FTE
FY 2014-15 Appropriation				
HB 14-1336 (Long Bill)	\$349,222	\$0	\$349,222	0.0
TOTAL	\$349,222	\$0	\$349,222	0.0
FY 2015-16 Recommended Appropriation				
FY 2014-15 Appropriation	\$349,222	\$0	\$349,222	0.0
JBC staff initiated adjustment	(339,222)	0	(339,222)	0.0
TOTAL	\$10,000		\$10,000	0.0

JBC Staff Figure Setting: FY 2015-16
Staff Working Document – Does Not Represent Committee Decision

Elections Division, Help America Vote Act Program				
	Total Funds	General Fund	Cash Funds	FTE
Increase/(Decrease)	(\$339,222)	\$0	(\$339,222)	0.0
Percentage Change	(97.1%)	0.0%	(97.1%)	0.0%
FY 2015-16 Executive Request:	\$349,222	\$0	\$349,222	0.0
Request Above/(Below)				
Recommendation	\$339,222		\$339,222	0.0

Local Election Reimbursement

Section 1-5-505.5, C.R.S., requires the Secretary of State 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. There are approximately 3.0 million active registered voters in the state.

Request: The Department requests an appropriation of \$2,500,000 cash funds. This includes the annualization of \$405,224 in prior year funding from the Department's FY 2014-15 interim supplemental request, as well as the following request item.

➔ R1 Increase to Local Election Reimbursement

The request includes an increase of \$495,964 cash funds from the Department of State Cash Fund to provide adequate spending authority in the Local Election Reimbursement line item to meet statutory obligations for reimbursements to counties.

Recommendation: Staff recommends approving the Department's request as shown in the table below.

Elections Division, Local Election Reimbursement				
	Total Funds	General Fund	Cash Funds	FTE
FY 2014-15 Appropriation				
HB 14-1336 (Long Bill)	\$2,004,036	\$0	\$2,004,036	0.0
SB 15-162 (Supplemental)	<u>405,224</u>	<u>0</u>	<u>405,224</u>	<u>0.0</u>
TOTAL	\$2,409,260	\$0	\$2,409,260	0.0
FY 2015-16 Recommended Appropriation				
FY 2014-15 Appropriation	\$2,409,260	\$0	\$2,409,260	0.0
R1 Local Election Reimbursement	495,964	0	495,964	0.0
Annualize prior year funding	<u>(405,224)</u>	<u>0</u>	<u>(405,224)</u>	<u>0.0</u>

JBC Staff Figure Setting: FY 2015-16
Staff Working Document – Does Not Represent Committee Decision

Elections Division, Local Election Reimbursement				
	Total Funds	General Fund	Cash Funds	FTE
TOTAL	\$2,500,000	\$0	\$2,500,000	0.0
Increase/(Decrease)	\$90,740	\$0	\$90,740	0.0
Percentage Change	3.8%	0.0%	3.8%	0.0%
FY 2015-16 Executive Request:	\$2,500,000	\$0	\$2,500,000	0.0
Request Above/(Below)				
Recommendation	\$0	\$0	\$0	0.0

Staff Analysis: House Bill 13-1303 (Voter Access and Modernized Elections Act) made significant changes to election law, including the elimination of the "Inactive-Failed to Vote (I-FV)" voter status designation. Starting with the 2013 election, more than 330,000 voters previously listed as I-FV were converted to active status. While the bill did not change reimbursement rates to counties, the increase in the total number of active registered voters requires the Department to pay more in local election reimbursements to meet its statutory obligation.

The Committee has approved two supplemental requests for additional funding related to local election reimbursements:

1. a transfer of \$500,000 cash funds in FY 2013-14 to cover the increase in required reimbursements for the 2013 election; and
2. an increase of \$405,224 cash funds in FY 2014-15 to rectify the Department's failure to submit a budget request for a continuation of funding at the increased level from the prior year supplemental to reimburse counties for the 2014 election.²

The Department's request for FY 2015-16 is largely a technical adjustment that would bring the total appropriation for this line item to \$2.5 million as a continuation of the supplemental appropriations approved in prior years. This will provide enough spending authority in the Local Election Reimbursement line item to meet statutory obligations going forward.

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 TABOR-related initiatives are only 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 years with odd-year elections, and \$250,000 in years with even-year elections.

² Please note that JBC staff recommended an appropriation of \$2.5 million during figure setting to account for increased reimbursement requirements. However, the Committee and the General Assembly ultimately approved the Department request for \$2.0 million.

JBC Staff Figure Setting: FY 2015-16
Staff Working Document – Does Not Represent Committee Decision

Request: The Department requests an appropriation of \$150,000 cash funds for FY 2015-16. This includes a standard annualization adjustment to account for reduced spending authority required for this line item during odd-year elections.

Recommendation: Staff recommends approving the Department's request as shown in the table below.

Elections Division, Initiative and Referendum				
	Total Funds	General Fund	Cash Funds	FTE
FY 2014-15 Appropriation				
HB 14-1336 (Long Bill)	<u>\$250,000</u>	<u>\$0</u>	<u>\$250,000</u>	<u>0.0</u>
TOTAL	\$250,000	\$0	\$250,000	0.0
FY 2015-16 Recommended Appropriation				
FY 2014-15 Appropriation	\$250,000	\$0	\$250,000	0.0
Annualize prior year funding	<u>(100,000)</u>	<u>0</u>	<u>(100,000)</u>	<u>0.0</u>
TOTAL	\$150,000		\$150,000	0.0
Increase/(Decrease)	(\$100,000)	\$0	(\$100,000)	0.0
Percentage Change	(40.0%)	0.0%	(40.0%)	0.0%
FY 2015-16 Executive Request:	\$150,000	\$0	\$150,000	0.0
Request Above/(Below) Recommendation	\$0		\$0	0.0

(4) Business and Licensing Division

The Business and Licensing Division is responsible for processing business filings and associated fees. This includes: document filing, records management, information retrieval, and educational services. The Division also administers the lobbyist program, licenses entities involved in charitable gaming, registers charitable organizations, and publishes the Code of Colorado Regulations.

DIVISION REQUEST AND RECOMMENDATION SUMMARY

Business and Licensing Division				
	Total Funds	General Fund	Cash Funds	FTE
FY 2014-15 Appropriation				
HB 14-1336 (Long Bill)	\$2,604,968	\$0	\$2,604,968	48.0
Other legislation	<u>5,135</u>	<u>0</u>	<u>5,135</u>	<u>0.1</u>
TOTAL	\$2,610,103	\$0	\$2,610,103	48.1
FY 2015-16 Recommended Appropriation				
FY 2014-15 Appropriation	\$2,610,103	\$0	\$2,610,103	48.1
R2 Business Intelligence Center	375,000	0	375,000	0.0
Annualize prior year funding	<u>76,019</u>	<u>0</u>	<u>76,019</u>	<u>0.0</u>
TOTAL	\$3,061,122	\$0	\$3,061,122	48.1
Increase/(Decrease)	\$451,019	\$0	\$451,019	0.0
Percentage Change	17.3%	0.0%	17.3%	0.0%
FY 2015-16 Executive Request:				
Request Above/(Below)	\$3,461,122	\$0	\$3,461,122	48.1
Recommendation	\$400,000	\$0	\$400,000	0.0

LINE ITEM DETAIL

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.

Request: The Department requests an appropriation of \$2,523,122 cash funds and 48.1 FTE for FY 2015-16. This includes the annualization of prior year salary survey and merit pay.

Recommendation: Staff recommends an appropriation of \$2,523,122 cash funds and **47.1** FTE as shown in the table below. This includes a decrease of 1.0 FTE to be transferred to a new line

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item in the Business and Licensing Division as part of the JBC staff recommendation for the Department's R2 request for the Business Intelligence Center.

Business and Licensing Division, Personal Services				
	Total Funds	General Fund	Cash Funds	FTE
FY 2014-15 Appropriation				
HB 14-1336 (Long Bill)	\$2,441,968	\$0	\$2,441,968	48.0
Other legislation	<u>5,135</u>	<u>0</u>	<u>5,135</u>	<u>0.1</u>
TOTAL	\$2,447,103	\$0	\$2,447,103	48.1
FY 2015-16 Recommended Appropriation				
FY 2014-15 Appropriation	\$2,447,103	\$0	\$2,447,103	48.1
R2 Business Intelligence Center	0	0	0	(1.0)
Annualize prior year funding	<u>76,019</u>	<u>0</u>	<u>76,019</u>	<u>0.0</u>
TOTAL	\$2,523,122	\$0	\$2,523,122	47.1
Increase/(Decrease)	\$76,019	\$0	\$76,019	(1.0)
Percentage Change	3.1%	0.0%	3.1%	(2.1%)
FY 2015-16 Executive Request:	\$2,523,122	\$0	\$2,523,122	48.1
Request Above/(Below)				
Recommendation	\$0	\$0	\$0	1.0

Operating Expenses

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

Request and Recommendation: The Department requests an appropriation of \$163,000 cash funds for FY 2015-16. This represents continuation-level funding with no change from the FY 2014-15 appropriation. Staff recommends approving the Department's request.

Business Intelligence Center (NEW LINE ITEM – JBC Staff Recommendation)

If approved, this line item would provide funding for the Business Intelligence Center, which collects datasets of high value to the business community and publishes them on the Colorado Information Marketplace to improve access to public information. Specifically, this line item would provide funding for the BIC Program Manager and contractor to collect, publish, and maintain datasets from across state agencies.

Request: This line item reflects the JBC staff recommendation for the Department's R2 request to provide funding for the Business Intelligence Center in FY 2015-16. The Department did not request this specific line item.

Recommendation: Staff recommends an appropriation of \$375,000 cash funds and 1.0 FTE as discussed in the analysis on page 4 of this document.

Long Bill Footnotes and Requests for Information

LONG BILL FOOTNOTES

The Department of State had the following common footnote related to salary survey in the 2014 Long Bill:

- 1 All Departments except Department of Corrections and Department of Human Services, Totals** -- It is the intent of the General Assembly that when each department applies the 3.0 percent salary survey increase reflected in the salary survey line item appropriations, each employee shall receive a base-building increase up to the range maximum, and that salary survey increase amounts over the range maximum shall not be base-building.

Staff does not recommend any footnotes specific to the Department of State for the 2015 Long Bill.

REQUESTS FOR INFORMATION

There were no requests for information for the Department of State in the 2014 Long Bill and staff does not recommend any for the 2015 Long Bill.

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Appendix A: Numbers Pages

	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
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DEPARTMENT OF STATE
Wayne Williams, Secretary of State

(1) ADMINISTRATION

The Administration Division provides general management and supervision for the entire Department, including budgeting, accounting, and human resources services. Prior to FY 2013-14, Department responsibilities regarding elections and business filings were carried out by sections within this Division. Starting in FY 2013-14, these functions were designated to the newly-established Elections and Business and Licensing Divisions by a Department reorganization.

Personal Services	<u>5,518,992</u>	<u>1,600,548</u>	<u>1,707,139</u>	<u>1,756,684</u>	<u>1,631,684</u>
FTE	79.6	17.8	19.0	19.0	19.0
Cash Funds	5,518,992	1,600,548	1,707,139	1,756,684	1,631,684
Health, Life, and Dental	<u>863,469</u>	<u>273,763</u>	<u>924,392</u>	<u>1,035,446</u>	<u>1,047,002</u> *
Cash Funds	863,469	273,763	924,392	1,035,446	1,047,002
Short-term Disability	<u>13,800</u>	<u>4,868</u>	<u>17,368</u>	<u>19,131</u>	<u>19,131</u>
Cash Funds	13,800	4,868	17,368	19,131	19,131
S.B. 04-257 Amortization Equalization					
Disbursement	<u>244,953</u>	<u>93,581</u>	<u>321,748</u>	<u>382,612</u>	<u>382,612</u>
Cash Funds	244,953	93,581	321,748	382,612	382,612
S.B. 06-235 Supplemental Amortization					
Equalization Disbursement	<u>210,507</u>	<u>84,483</u>	<u>301,638</u>	<u>369,568</u>	<u>369,568</u>
Cash Funds	210,507	84,483	301,638	369,568	369,568
Salary Survey	<u>0</u>	<u>57,376</u>	<u>216,883</u>	<u>95,089</u>	<u>95,089</u>
Cash Funds	0	57,376	216,883	95,089	95,089

*This line item includes a non-prioritized decision item.

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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
Merit Pay	0	<u>35,929</u>	<u>84,574</u>	<u>100,385</u>	<u>100,385</u>
Cash Funds	0	35,929	84,574	100,385	100,385
Workers' Compensation	<u>6,926</u>	<u>14,078</u>	<u>12,921</u>	<u>14,023</u>	<u>14,187</u>
Cash Funds	6,926	14,078	12,921	14,023	14,187
Operating Expenses	<u>826,247</u>	<u>278,054</u>	<u>550,816</u>	<u>500,816</u>	<u>500,816</u>
Cash Funds	826,247	278,054	550,816	500,816	500,816
Legal Services	<u>481,421</u>	<u>421,541</u>	<u>704,753</u>	<u>672,722</u>	<u>672,722</u>
Cash Funds	481,421	421,541	704,753	672,722	672,722
Administrative Law Judge Services	<u>114,624</u>	<u>31,136</u>	<u>33,136</u>	<u>76,761</u>	<u>76,431</u>
Cash Funds	114,624	31,136	33,136	76,761	76,431
Purchase of Services from Computer Center	<u>102,789</u>	<u>165,228</u>	0	0	0
Cash Funds	102,789	165,228	0	0	0
Colorado State Network	0	<u>105,595</u>	0	0	0
Cash Funds	0	105,595	0	0	0
Payment to Risk Management and Property Funds	<u>37,672</u>	<u>40,676</u>	<u>53,338</u>	<u>41,734</u>	<u>59,693</u>
Cash Funds	37,672	40,676	53,338	41,734	59,693
Vehicle Lease Payments	<u>2,963</u>	<u>3,071</u>	<u>528</u>	<u>3,071</u>	<u>926</u>
Cash Funds	2,963	3,071	528	3,071	926
Leased Space	<u>631,682</u>	<u>641,271</u>	<u>658,026</u>	<u>636,211</u>	<u>636,211</u>
Cash Funds	631,682	641,271	658,026	636,211	636,211

JBC Staff Staff Figure Setting - FY 2015-16
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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
CORE Operations	<u>40,140</u>	<u>40,140</u>	<u>5,336</u>	<u>17,031</u>	<u>17,031</u> *
Cash Funds	40,140	40,140	5,336	17,031	17,031
Information Technology Security	<u>0</u>	<u>2,787</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	0	2,787	0	0	0
Indirect Cost Assessment	<u>105,838</u>	<u>107,012</u>	<u>128,983</u>	<u>156,308</u>	<u>156,308</u>
Cash Funds	105,838	107,012	128,983	156,308	156,308
Discretionary Fund	<u>4,740</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
Cash Funds	4,740	5,000	5,000	5,000	5,000
TOTAL - (1) Administration	9,206,763	4,006,137	5,726,579	5,882,592	5,784,796
FTE	<u>79.6</u>	<u>17.8</u>	<u>19.0</u>	<u>19.0</u>	<u>19.0</u>
Cash Funds	9,206,763	4,006,137	5,726,579	5,882,592	5,784,796

*This line item includes a non-prioritized decision item.

JBC Staff Staff Figure Setting - FY 2015-16
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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
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(2) INFORMATION TECHNOLOGY

The Information Technology (IT) Services division provides most of the technology support for the Department and is responsible for the Department's compliance with the Colorado Information Security Act. The Department provides search and filing services via the internet and the IT Services Division processes over 2,500 web-based transactions daily. The Division also provides project direction and support for the statewide voter registration and election management system.

(A) Information Technology

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

Personal Services	<u>4,259,246</u>	<u>5,590,874</u>	<u>5,779,961</u>	<u>4,723,907</u>	<u>4,723,907</u>
FTE	32.1	36.0	36.0	36.0	36.0
General Fund	0	0	0	0	0
Cash Funds	4,259,246	5,590,874	5,779,961	4,723,907	4,723,907
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
 Operating Expenses	 <u>468,747</u>	 <u>461,150</u>	 <u>806,112</u>	 <u>481,112</u>	 <u>481,112</u>
Cash Funds	468,747	461,150	806,112	481,112	481,112
 Hardware/Software Maintenance	 <u>1,433,895</u>	 <u>1,428,877</u>	 <u>1,738,242</u>	 <u>1,738,242</u>	 <u>1,738,242</u>
Cash Funds	1,433,895	1,428,877	1,738,242	1,738,242	1,738,242
 Information Technology Asset Management	 <u>372,460</u>	 <u>809,250</u>	 <u>505,418</u>	 <u>445,418</u>	 <u>445,418</u>
General Fund	0	0	0	0	0
Cash Funds	372,460	809,250	505,418	445,418	445,418
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0

JBC Staff Staff Figure Setting - FY 2015-16
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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
SUBTOTAL - (A) Information Technology	6,534,348	8,290,151	8,829,733	7,388,679	7,388,679
<i>FTE</i>	<u>32.1</u>	<u>36.0</u>	<u>36.0</u>	<u>36.0</u>	<u>36.0</u>
General Fund	0	0	0	0	0
Cash Funds	6,534,348	8,290,151	8,829,733	7,388,679	7,388,679
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0

(B) Statewide Disaster Recovery Center

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

Personal Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>FTE</i>	0.0	0.0	0.0	0.0	0.0
Cash Funds	0	0	0	0	0
Leased Space	<u>776,497</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	776,497	0	0	0	0
Operating Expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	0	0	0	0	0
Hardware/Software Maintenance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Funds	0	0	0	0	0
SUBTOTAL - (B) Statewide Disaster Recovery Center	776,497	0	0	0	0
<i>FTE</i>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Cash Funds	776,497	0	0	0	0

JBC Staff Staff Figure Setting - FY 2015-16
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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
TOTAL - (2) Information Technology	7,310,845	8,290,151	8,829,733	7,388,679	7,388,679
<i>FTE</i>	<u>32.1</u>	<u>36.0</u>	<u>36.0</u>	<u>36.0</u>	<u>36.0</u>
General Fund	0	0	0	0	0
Cash Funds	7,310,845	8,290,151	8,829,733	7,388,679	7,388,679
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0

JBC Staff Staff Figure Setting - FY 2015-16
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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
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(3) ELECTIONS DIVISION

The Elections Division administers statewide statutory and constitutional provisions that relate to elections. This includes overseeing the election initiative and referendum process, inspecting and certifying voting equipment, and implementing the federal Help America Vote Act. The Division also manages the State of Colorado Registration and Elections (SCORE) voter registration system and monitors campaign finance reporting.

Personal Services	<u>0</u>	<u>2,056,543</u>	<u>2,118,433</u>	<u>2,187,020</u>	<u>2,187,020</u>
FTE	0.0	27.1	34.2	34.2	34.2
General Fund	0	0	0	0	0
Cash Funds	0	2,056,543	2,118,433	2,187,020	2,187,020
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Operating Expenses	<u>0</u>	<u>218,561</u>	<u>215,007</u>	<u>267,838</u>	<u>267,838</u> *
Cash Funds	0	218,561	215,007	267,838	267,838
Help America Vote Act Program	<u>852,371</u>	<u>754,349</u>	<u>349,222</u>	<u>349,222</u>	<u>10,000</u>
FTE	0.0	0.0	0.0	0.0	0.0
Cash Funds	852,371	754,349	349,222	349,222	10,000
Local Election Reimbursement	<u>2,226,707</u>	<u>2,455,163</u>	<u>2,409,260</u>	<u>2,500,000</u>	<u>2,500,000</u> *
General Fund	0	0	0	0	0
Cash Funds	2,226,707	2,455,163	2,409,260	2,500,000	2,500,000
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Initiative and Referendum	<u>208,156</u>	<u>149,114</u>	<u>250,000</u>	<u>150,000</u>	<u>150,000</u>
Cash Funds	208,156	149,114	250,000	150,000	150,000

*This line item includes a decision item.

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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
TOTAL - (3) Elections Division	3,287,234	5,633,730	5,341,922	5,454,080	5,114,858
<i>FTE</i>	<u>0.0</u>	<u>27.1</u>	<u>34.2</u>	<u>34.2</u>	<u>34.2</u>
General Fund	0	0	0	0	0
Cash Funds	3,287,234	5,633,730	5,341,922	5,454,080	5,114,858
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0

JBC Staff Staff Figure Setting - FY 2015-16
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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
(4) BUSINESS AND LICENSING DIVISION					
The Business and Licensing Division is primarily responsible for registering, licensing, and overseeing businesses and providing public access to those records. The Divisions also licenses and regulates bingo/raffle organizations and fund raisers, registers lobbyists and charitable organizations, and commissions notaries public.					
Personal Services	<u>0</u>	<u>2,338,869</u>	<u>2,447,103</u>	<u>2,523,122</u>	<u>2,523,122</u>
FTE	0.0	38.5	48.1	48.1	47.1
General Fund	0	0	0	0	0
Cash Funds	0	2,338,869	2,447,103	2,523,122	2,523,122
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0
Operating Expenses	<u>0</u>	<u>88,936</u>	<u>163,000</u>	<u>163,000</u>	<u>163,000</u>
Cash Funds	0	88,936	163,000	163,000	163,000
Business Intelligence Center Personal Services	<u>0</u>	<u>0</u>	<u>0</u>	<u>625,000</u>	<u>0</u> *
Cash Funds	0	0	0	625,000	0
Business Intelligence Center Operating Expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>150,000</u>	<u>0</u> *
Cash Funds	0	0	0	150,000	0
Business Intelligence Center	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>375,000</u> *
FTE	0.0	0.0	0.0	0.0	1.0
Cash Funds	0	0	0	0	375,000
TOTAL - (4) Business and Licensing Division	0	2,427,805	2,610,103	3,461,122	3,061,122
FTE	0.0	38.5	48.1	48.1	48.1
General Fund	0	0	0	0	0
Cash Funds	0	2,427,805	2,610,103	3,461,122	3,061,122
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0

*This line item includes a decision item.

JBC Staff Staff Figure Setting - FY 2015-16
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	FY 2012-13 Actual	FY 2013-14 Actual	FY 2014-15 Appropriation	FY 2015-16 Request	FY 2015-16 Recommendation
TOTAL - Department of State	19,804,842	20,357,823	22,508,337	22,186,473	21,349,455
<i>FTE</i>	<u>111.7</u>	<u>119.4</u>	<u>137.3</u>	<u>137.3</u>	<u>137.3</u>
General Fund	0	0	0	0	0
Cash Funds	19,804,842	20,357,823	22,508,337	22,186,473	21,349,455
Reappropriated Funds	0	0	0	0	0
Federal Funds	0	0	0	0	0

Appendix B: Indirect Cost Assessment 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 appropriations and the FY 2015-16 request are detailed in the table below:

Department of State				
Statewide Indirect Cost Actuals, Appropriation, and Request				
	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
	Actual	Actual	Appropriation	Request
Statewide Indirects	\$105,838	\$107,012	\$128,983	\$156,308