

COLORADO GENERAL ASSEMBLY

JOINT BUDGET COMMITTEE



FY 2008-09 STAFF FIGURE SETTING: DEPARTMENT OF STATE

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

Prepared By:
Caroline Smith, JBC Staff
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For Further Information Contact:
Joint Budget Committee Staff
200 E. 14th Avenue, 3rd Floor
Denver, Colorado 80203
Telephone: (303) 866-2061
Facsimile: (303) 866-2150
(TDD 866-3472)

**FY 2008-09 FIGURE SETTING
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE**

DEPARTMENT OF STATE

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	FY 2006-07	FY 2007-08	FY 2008-09		Change Requests
	Actual	Appropriation	Request	Staff Rec. Old Format	
DEPARTMENT OF STATE					
Secretary of State - Mike Coffman					
(1) Administration					
Primary Functions: Administer election laws; administer public official, lobbyist and business entity filing laws; license notaries public and charitable solicitors; regulate bingo and raffles charitable gaming.					
Personal Services	4,816,557	4,376,490	5,549,853	5,257,626	5,257,626
FTE	<u>83.5</u>	<u>82.0</u>	<u>91.0</u>	<u>89.5</u>	<u>89.5</u>
General Fund	0	0	2,966,879	0	0
FTE	0	0	25.0	0.0	0.0
Cash Funds	4,813,238	4,376,490	2,582,974	5,257,626	5,257,626
FTE	82.5	80.0	66.0	89.5	89.5
Cash Funds Exempt	3,319	0	0	0	0
FTE	1.0	0.0	0.0	0.0	0.0
Health, Life and Dental	<u>401,793</u>	<u>478,051</u>	<u>548,901</u>	<u>566,848</u>	<u>566,848</u>
Cash Funds	366,415	478,051	497,250 A	513,584	566,848
Cash Funds Exempt	35,378	0	51,651 A	53,264	0
Short-term Disability	<u>6,304</u>	<u>6,764</u>	<u>8,515</u>	<u>9,485</u>	<u>9,485</u>
Cash Funds	5,757	6,764	7,593 A	8,531	9,485
Cash Funds Exempt	547	0	922 A	954	0
Amortization Equalization Disbursement	<u>54,272</u>	<u>62,440</u>	<u>104,794</u>	<u>116,741</u>	<u>116,741</u>
Cash Funds	50,159	62,440	93,452 A	104,998	116,741
Cash Funds Exempt	4,113	0	11,342 A	11,743	0

	FY 2006-07	FY 2007-08	FY 2008-09			Change Requests
	Actual	Appropriation	Request	Staff Rec. Old Format	Staff Rec. New Format	
SAED		13,008	<u>33,536</u>	<u>54,722</u>	<u>54,722</u>	
Cash Funds		13,008	29,902 A	49,218	54,722	
Cash Funds Exempt		0	3,634 A	5,504	0	
Salary Survey and Senior Executive Service	<u>235,212</u>	<u>249,489</u>	<u>253,337</u>	<u>266,908</u>	<u>266,908</u>	
Cash Funds	209,640	249,489	224,490 A	238,098	266,908	
Cash Funds Exempt	25,572	0	28,847 A	28,810	0	
Performance-Based Pay Awards	<u>88,437</u>	<u>98,697</u>	<u>97,125</u>	<u>97,114</u>	<u>97,114</u>	
Cash Funds	78,402	98,697	87,090 A	86,656	97,114	
Cash Funds Exempt	10,035	0	10,035 A	10,458	0	
Workers' Compensation	<u>4,513</u>	<u>4,862</u>	<u>5,503</u>	<u>Pending</u>	<u>Pending</u>	
Cash Funds	4,513	4,862 S	5,503			
Cash Funds Exempt	0	0	0			
Operating Expenses	<u>589,147</u>	<u>685,514</u>	<u>833,255</u>	<u>825,243</u>	<u>825,243</u>	
General Fund	0	0	453,631	0	0	DI#1, DI#4
Cash Funds	589,147	685,514	379,624	825,243	825,243	
Legal Services	<u>264,785</u>	<u>236,810</u>	<u>224,950</u>	<u>Pending</u>	<u>Pending</u>	
General Fund	0	0	93,600			
Cash Funds	264,785	236,810	131,350			
Cash Funds Exempt	0	0	0			
<i>Hours Equivalent</i>	<i>4,108</i>	<i>3,282</i>	<i>3,282</i>	<i>3,282</i>	<i>3,282</i>	
Administrative Law Judge Services - CF	134,277	82,438 S	143,601	<u>Pending</u>	<u>Pending</u>	
Purchase of Services from Computer Center - CF	829	31,218 S	611	<u>Pending</u>	<u>Pending</u>	

	FY 2006-07	FY 2007-08	FY 2008-09			Change
	Actual	Appropriation	Request	Staff Rec. Old Format	Staff Rec. New Format	Requests
Multiuse Network Payments - CF	474,099	550,747 S	1,735,990 A	<u>Pending</u>	<u>Pending</u>	
Payments to Risk Management and Property Funds	<u>33,365</u>	<u>17,674</u>	<u>34,743</u> A	<u>Pending</u>	<u>Pending</u>	
Cash Funds	33,365	17,674 S	34,743			
Cash Funds Exempt	0	0	0			
Vehicle Lease Payments - CF	2,487	2,714 S	2,487	<u>Pending</u>	<u>Pending</u>	
Leased Space	<u>363,125</u>	<u>621,469</u>	<u>733,669</u>	<u>709,669</u>	<u>709,669</u>	
General Fund	0	0	230,600	0	0	DI#1, DI#4
Cash Funds	363,125	621,469	503,069	709,669	709,669	
Indirect Cost Assessment	<u>113,610</u>	<u>165,717</u>	<u>165,717</u>	<u>224,409</u>	<u>224,409</u>	
Cash Funds	113,610	165,717	165,717	211,183	224,409	
Cash Funds Exempt	0	0	0	13,226	0	
Discretionary Fund - CF	4,643	5,000	5,000	5,000	5,000	
Address Confidentiality Program		<u>75,337</u> S	<u>137,120</u>	<u>75,337</u>	<u>75,337</u>	
FTE		1.0 S	2.0	1.0	1.0	
General Fund		17,582 S	0	0	0	
Cash Funds (ACP Cash Fund)		57,755 S	137,120	75,337	75,337	

	FY 2006-07	FY 2007-08	FY 2008-09		Change Requests
	Actual	Appropriation	Request	Staff Rec. Old Format	
TOTAL - ADMINISTRATION	7,587,455	7,689,102	10,618,707	8,209,102	8,209,102
FTE	<u>83.5</u>	<u>82.0</u>	<u>93.0</u>	<u>90.5</u>	<u>90.5</u>
General Fund	0	0	3,744,710	0	0.0
FTE	0.0	0.0	25.0	0.0	0.0
Cash Funds	7,508,491	7,689,102	6,767,566	8,085,143	8,209,102
FTE	82.5	0.0	68.0	90.5	90.5
Cash Funds Exempt	78,964	0	106,431	123,959	0
FTE	1.0	0.0	0.0	0.0	0.0

(2) Special Purpose

Primary Function: Implement the Help America Vote Act; reimburse counties for elections and ballot initiatives; administer the initiative and referendum laws.

Help America Vote Act	18,628,609	3,810,214 a/	6,976,940	6,976,940	6,976,940	
FTE	<u>9.0</u>	<u>9.5</u>	<u>7.5</u>	<u>7.5</u>	<u>7.5</u>	
General Fund	0	0	0	0	0	
FTE	0.0	0.0	0.0	0.0	0.0	
Cash Funds	0	0	0	0	6,976,940	
FTE	0.0	0.0	0.0	0.0	7.5	
Cash Funds Exempt	18,628,609	3,810,214	6,976,940	6,976,940	0	
FTE	9.0	9.5	7.5	7.5	0.0	
Local Election Reimbursement	<u>1,681,178</u>	<u>1,729,923</u>	<u>1,729,923</u>	<u>1,729,923</u>	<u>1,729,923</u>	DI#1
General Fund	0	0	1,729,923	0	0	
Cash Funds	1,681,178	1,729,923	0	1,729,923	1,729,923	
Electronic Filing Grants to Counties - Cash Funds	635,742	0	0	0	0	

	FY 2006-07	FY 2007-08	FY 2008-09		Change Requests	
	Actual	Appropriation	Request	Staff Rec. Old Format		Staff Rec. New Format
Initiative and Referendum	0	50,000	200,000	200,000	200,000	DI#1
General Fund	0	0	200,000	0	0	
Cash Funds	0	50,000	0	200,000	200,000	
Master List Distribution Contract - Cash Funds	58,382	0	0	0	0	
TOTAL - SPECIAL PURPOSE	21,003,911	5,665,474	8,906,863	8,906,863	8,906,863	
FTE	9.0	10.5	7.5	7.5	7.5	
General Fund	0	17,582	1,929,923	0	0	
FTE	0.0	0.0	0.0	0.0	0.0	
Cash Funds	2,375,302	1,837,678	0	1,929,923	8,906,863	
FTE	0.0	1.0	0.0	0.0	7.5	
Cash Funds Exempt	18,628,609	3,810,214	6,976,940	6,976,940	0	
FTE	9.0	9.5	7.5	7.5	0.0	

a/ These amounts are continuously appropriated from the Federal Election Assistance Fund by Section 1-1.5-106, C.R.S., and are shown for informational purposes only. They reflect the department's actual and anticipated expenditures from the fund.

(3) Information Technology Services

Primary Function: Provides IT support to the Department; implementing the statewide voter registration database. Line items are cash funded from the Department of State Cash fund unless indicated otherwise.

(A) Information Technology

Personal Services	3,934,853	2,888,970	5,215,180	5,177,393	5,177,393	
FTE	32.0	30.0	31.1	32.1	32.1	
General Fund	0	0	1,906,820	0	0	DI#1
Cash Funds	3,934,853	2,888,970	3,308,360	5,177,393	5,177,393	DI#2, DI#3

	FY 2006-07	FY 2007-08	FY 2008-09		Change Requests
	Actual	Appropriation	Request	Staff Rec. Old Format	
Operating Expenses	1,290,280	593,158	938,030	767,430	767,430
General Fund	0	0	214,431	0	0
Cash Funds	1,290,280	593,158	723,599	767,430	767,430
Cash Funds Exempt	0	0	0	0	0
Hardware/Software Maintenance - CF	796,136	878,230	878,230	878,230	878,230
Information Technology Asset Management - CF	409,439	445,418	445,418	445,418	445,418
(3) Information Technology Services					
Subtotal - (A) Information Technology	<u>6,430,708</u>	<u>4,805,776</u>	<u>7,476,858</u>	<u>7,268,471</u>	<u>7,268,471</u>
FTE	32.0	30.0	31.1	32.1	32.1
General Fund	0	0	2,121,251	0	0
Cash Funds	6,430,708	4,805,776	5,355,607	7,268,471	7,268,471
Cash Funds Exempt	0	0	0	0	0
(B) Statewide Disaster Recovery Center					
Personal Services		<u>180,772</u>	<u>180,376</u>	<u>180,376</u>	<u>180,376</u>
FTE		3.0	3.0	3.0	3.0
Cash Funds		180,772	180,376	180,376	180,376
Operating - CF		247,000	247,000	247,000	247,000
Hardware/Software Maintenance - CF		47,000	47,000	47,000	47,000
Leased Space- CF		1,749,000	1,749,000	1,749,000	1,749,000

	FY 2006-07	FY 2007-08	FY 2008-09		Change Requests
	Actual	Appropriation	Request	Staff Rec. Old Format	
(3) Information Technology Services					
Subtotal - (B) Statewide Disaster Recovery Center		<u>2,223,772</u>	<u>2,223,376</u>	<u>2,223,376</u>	<u>2,223,376</u>
FTE		3.0	3.0	3.0	3.0
Cash Funds		2,223,772	2,223,376	2,223,376	2,223,376
TOTAL - INFORMATION TECHNOLOGY SERVICES					
	6,430,708	7,029,548	9,700,234	9,491,847	9,491,847
FTE	<u>32.0</u>	<u>33.0</u>	<u>34.1</u>	<u>35.1</u>	<u>35.1</u>
General Fund	0	0	2,121,251	0.0	0.0
Cash Funds	6,430,708	7,029,548	7,578,983	9,491,847	9,491,847
FTE	32.0	33.0	34.1	35.1	35.1
Cash Funds Exempt	0	0	0	0	0
DEPARTMENT OF STATE TOTALS					
	35,022,074	20,384,124	29,225,804	26,607,812	26,607,812
FTE	<u>124.5</u>	<u>125.5</u>	<u>134.6</u>	<u>133.1</u>	<u>133.1</u>
General Fund	0	17,582	7,795,884	0	0
FTE	0.0	0	25.0	0.0	0.0
Cash Funds	16,314,501	16,556,328	14,346,549	19,506,913	26,607,812
FTE	114.5	33.0	102.1	125.6	125.6
Cash Funds Exempt	18,707,573	3,810,214	7,083,371	7,100,899	0
FTE	10.0	10	7.5	7.5	0.0

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SPECIAL PURPOSE	Help America Vote Act; Local Election Reimbursement; Initiative and Referendum	4	19
INFORMATION TECHNOLOGY SERVICES	SCORE ¹ ; Cyber-Security (DI#2); IT Support (DI #3); Statewide Disaster Recovery Center	5	21

Summary of Significant Staff Recommendations in this Packet		
Recommended Changes from FY 2007-08 Appropriation:		
Description	Cash Funds ²	FTE
Voting Systems Certification (DI #4)	\$896,661	9.0
Salary Survey and Performance-Based-Pay	\$364,022	0.0
Help America Vote Act (HAVA) ³	\$3,166,726	0.0
Initiative and Referendum	\$150,000	0.0
Colorado Information Security Act (DI #2)	\$749,846	2.1
Accounting System (DI #3)	\$520,000	0.0
Information Technology (S.B. 07-359)	\$1,392,289	0.0

¹ The HAVA - mandated statewide computerized voter registration system (State of Colorado Registration and Elections)

² Cash Fund Source: Department of State Cash Fund [see Section 24-21-104, C.R.S.]

³ HAVA funds are continuously appropriated and provided in this document for informational purposes only.

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(1) ADMINISTRATION

Administration

- The Administration section provides general management supervision for the Department and includes the Business, Elections, and Licensing divisions.
- It also arranges for administrative hearings and responds to inquiries from the public.

Business Division

- Collects, stores, and provides public access to documents such as articles of incorporation, annual reports, tradenames and trademarks, and other related filings.
- Files and certifies Effective Financing Statements and distributes master lists in an electronic format.
- Registers and stores Uniform Commercial Code (UCC) documents such as security interests, liens, and other financial information that is important to lending institutions.
- The Department is required to charge fees for its business filings, which comprise the majority of the Department of State's Cash Fund revenue.⁴

Licensing Division

- Implements the Administrative Rules Code, a body of statutes that govern rule-making
- Regulates bingo and raffles.⁵
- Regulates lobbyists pursuant to Sections 24-6-301 through 309, C.R.S.
- Regulating notaries public pursuant to Sections 12-55-101 through 211, C.R.S.

Elections Division

- Supervises primary, general, and congressional elections.
- Performs official recounts for federal, state, and district elections.
- Conducts the voting systems certification program.
- Provides training and other support to county election officials.

Address Confidentiality Program (ACP)⁶

- Keeps confidential the address of victims of certain crimes by receiving mail at a substitute address and then forwarding it to the participant.

⁴ See Section 24-21-104, C.R.S.

⁵ Pursuant to Article XVIII, Section 2 of the State Constitution

⁶ New program created by HB 07-1350 [see Section 24-21-101, C.R.S.]

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Administration Staffing Summary					
Division	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	
	Actual	Actual	Projected	Request	Recomm.
Administration	10.5	11.0	15.5	14.5	14.5
Business Filings	38.9	40.9	29.0	29.0	29.0
Licensing	21.8	21.6	21.5	21.5	21.0
Elections (DI#1, DI#4)	13.0	11.0	16.0	26.0	25.0
ACP	0.0	0.0	1.0	2.0	1.0
Total	84.2	84.5	83.0	93.0	90.5

The Department submitted two requests that impact the Administration division - the first is to transfer the funding of elections from cash funds to General Fund, and the second is to transfer the voting system certification program from HAVA funding to General Fund within the Administration Division.

Decision Item #1 - Elections Funding

Department Request

The Department submitted a request to transfer the funding of elections and election-related activities, including the associated FTE, from cash funds to General Fund support. The total amount would be \$5,767,747 General Fund and 15.0 FTE. If the voting systems certification request is approved, and funded with General Fund, it would cause the requested number of FTE to increase to 24.0.

If this request is approved, in FY 2011-12, when federal funds associated with HAVA are exhausted, appropriations from the Federal Election Assistance Fund would also be replaced with General Fund. During FY 2011-12 the General Fund appropriation would increase to at least \$7,478,555 and 30.0 FTE.

Background

Prior to FY 1983-84, the Election division activities were funded from the General Fund. It is the Department's understanding that the 1983 switch in funding sources was part of an effort in the early 1980's to replace General Fund support with cash fund support for many state programs due to the statutory limitations on General Fund appropriations. Business filing fees comprise over 90% of the Department's cash fund revenue and therefore represent the primary funding

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source for elections. The Department is concerned that the current system of funding elections with these fees places is putting the State at risk of legal challenge.

Request to Transfer Funding of Elections to General Fund				
Item	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Personal Services	\$3,086,631	\$1,609,787	\$1,609,787	\$3,189,219
Operating	\$300,762	\$298,638	\$298,638	\$724,422
Leased Space	\$142,400	\$142,400	\$142,400	\$238,760
Legal Services	\$93,600	\$93,600	\$93,600	\$94,600
Hardware/Software Maintenance	\$142,273	\$142,273	\$142,273	\$1,093,273
Asset Management	\$72,158	\$72,158	\$72,158	\$72,158
Local Election Reimbursement	\$1,729,923	\$1,729,923	\$1,729,923	\$1,729,923
Initiative and Referendum	\$200,000	\$50,000	\$0	\$50,000
Multiuse Network Payment ⁷	\$0	\$0	\$0	\$286,200
Total	\$5,767,747	\$4,138,779	\$4,088,779	\$7,478,555

Staff Recommendation

Staff does not recommend this request. Staff recommends that the Department continue to fund election-related activities with cash funds.

- Elections would be forced to compete for funding with departments such as Higher Education, Education, and Human Services. Over the next few years these departments' budgets are anticipated to increase at a greater rate than other agencies, which will constrain other state functions currently dependent upon General Fund. Changing the funding source of elections will further strain the State's budget and also expose elections to these constraints.
- Elections funding is cyclical and not easy to predict. Limits on General Fund appropriations make it difficult to accommodate large variations in funding. During a "down" year, excess funds would be re-appropriated for another purpose, making them unavailable if the Department needed them during an upswing in the cycle. If elections suddenly required more General Fund than anticipated, other state appropriations would have to be cut.

⁷ This represents the HAVA-related portion of the Department's projected MNT expenses. HAVA funds are expected to run out in FY 2011-12, after which the Department General Fund.

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- ❑ Certain election-related lines, such as initiative and referendum, consistently revert much of their funding. But due to the statutory requirements placed on performing these functions, the funding must be appropriated in the event that the Department does need it. For example, the initiatives and referendum line was appropriated \$1.7 million in FY 2007-08. There were no initiatives on the 2007 ballot, so the funds will revert. While cash funds can accommodate these fluctuations, the demand for General Fund is too great to appropriate it for any purpose that isn't necessary.
- ❑ Elections legislation is constantly evolving at the state and federal level. The Department provided the best estimates possible, but it is impossible to reliably predict what legislative changes may occur in the coming years at either the State or federal level. It is possible that new federal mandates could then require additional General Fund.

Decision Item #4 - Voting Systems Certification

Department Request

The Department requests to transfer its voting systems certification program from HAVA funds to General Fund. The program would be included in the long bill under the Administration Section. It requests \$1,026,994 General Fund and 10.0 FTE for this program. The General Fund portion of the request is related to changing the funding source for elections-related activities, as discussed earlier in this document.

The program currently employs 4.0 FTE and 10.0 temporary employees. The temps are from a special technical agency and have technical testing backgrounds such as testing satellites, computers, etc. The Department believes that these 10.0 temporary workers can be replaced by 6.0 FTE because of the efficiency achieved by not having to train new employees, etc.

Staff recommends an appropriation of \$896,661 cash funds and 9.0 FTE for the voting systems certification program in the Administration division. The recommendation includes personal services funds for 10.0 FTE, but staff believes that 1.0 FTE can be absorbed within the Department's existing FTE authority. Staff has already discussed the recommendation to continue funding elections-related activities, including voting systems certification, with cash funds.

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Department of State Voting Systems Certification Request				
	FY 2008-09		FY 2009-10	
Item	Request	Recom	Request	Recom.
Personal Services	\$760,074	\$662,541	\$760,074	\$662,541
Operating, Equipment, and Supplies	\$178,720	\$145,920	\$152,869	\$145,920
Leased Space	\$88,200	\$88,200	\$88,200	\$88,200
Total	\$1,026,994	\$896,661	\$1,001,143	\$896,661

Explanation of Staff Fiscal Analysis

Personal Services - It appears that when the Department calculated its personal services request for the GP III positions, it used a salary greater than the maximum amount permitted within the salary grade. Pursuant to Committee common policy, staff recalculated these amounts according to the entry-level salary for those positions. The salary for the GP V and Administrative Assistant positions were also calculated at greater amounts than the entry level salary. However, staff believes this is a reasonable request because these positions are currently filled by employees who have been with the Department for several years. The Department also included several benefits which JBC common policy doesn't integrate into its calculations. Staff also excluded these amounts from the total.

Operating Expenses - The request states that these positions are already filled by either full-time employees or long-term temporary workers. Staff assumes that these positions already have a computer, software, and office equipment. Therefore, staff subtracted these costs and instead used the annualized operating expense of \$950 per FTE.

Staff Analysis

- Pursuant to Section 1-5-614, C.R.S., "the Secretary of State shall certify electronic and electromechanical voting systems and approve the purchase and use of such systems by political subdivisions and establish standards for certification." Section 1-5-616, C.R.S., describes the specific standards the Department is to use to certify the systems. The certification process is comprised of 400 separate requirements that are applied through 1,200 tests.
- If the state uses a primarily paper-based voting system, electronic machines are still necessary to meet disability-access requirements and to count the ballots.* The certification program will still be a necessary component of the Department.
- The 2008 election is anticipated to have a higher voter turnout than in recent history. The Department and the County Clerks must work together well for it to be a successful election, and

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it is important to provide the Department with the resources it needs to successfully conduct an election in 2008.

- ❑ *Use of HAVA Funds* - The Election Assistance Commission (EAC) released new guidelines in May, 2007, that do not indicate HAVA funds may be used for the state certification of voting systems. Staff spoke with several experts who are knowledgeable about EAC regulations, all of whom said that it was questionable to use HAVA funds for this purpose. Staff believes that HAVA funds should not be used for voting systems certification. The Department requests General Fund as a substitute for the HAVA funds. For reasons stated earlier in this document, staff recommends using cash funds for voting systems certification.
- ❑ *FTE* - The Department submitted a reasonable FTE request. Vendors submit software updates for certification on a year-round basis. In addition to voting system certification, the staff also perform numerous tasks such as:
 - Administer mandated post-election audits⁸;
 - Audit county maintenance records;
 - Install and audit the trusted build requirements;
 - Support county logic and accuracy testing;
 - Train county clerks and elections staff; and
 - Administer the county security plan requirements per Rule 43.

Personal Services

Staff recommends an appropriation of \$5,257,626 cash funds and 89.5 FTE for the Personal Services line in the Administration division. The following table summarizes Staff's calculation of the FY 2008-09 personal services recommendation for the Administration Division.

⁸ Pursuant to Section 1-7-415, C.R.S.

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Administration - Personal Services		
Item	Amount	FTE
2007-08 Long Bill Appropriation	\$4,311,146	81.0
+ Special Bill S.B. 07-083	\$65,344	1.0
Total 2007-08 Long Bill Appropriation	\$4,376,490	82.0
H.B. 06-1086 Impact in FY 2008-09	(\$40,952)	(1.5)
Salary Survey	\$235,212	0.0
80% Performance Based Pay	\$70,750	0.0
Amount Eligible for Base Reduction	\$4,641,500	80.5
Base Reduction (1% for lines with 20.0+ FTE)	(\$46,415)	0.0
Total	\$4,595,085	80.5
Decision Item - Voting Systems Certification	\$662,541	9.0
Total	\$5,257,626	89.5

Health, Life, and Dental

Staff recommends a total appropriation of \$566,848 (\$513,584 from the Department of State Cash Fund and \$53,264 from the Federal Election Assistance Fund) for Health, Life, and Dental, pursuant to Committee-approved common policy.

Short-Term Disability

Staff recommends a total appropriation of \$9,485 (\$8,531 from the Department of State Cash Fund and \$954 from the Federal Election Assistance Fund) for Short-Term Disability, pursuant to Committee-approved common policy.

Amortization Equalization Disbursement

Staff recommends a total appropriation of \$116,741 (\$104,998 from the Department of State Cash Fund and \$11,743 from the Federal Election Assistance Fund) for Amortization Equalization Disbursement, pursuant to Committee-approved common policy.

Supplemental Amortization Equalization Disbursement

Staff recommends a total appropriation of \$54,722 (\$49,218 from the Department of State Cash Fund and \$5,504 from the Federal Election Assistance Fund) for Supplemental Amortization Equalization Disbursement, pursuant to Committee-approved common policy.

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Salary Survey and Senior Executive Service

Staff recommends a total appropriation of \$266,908 (\$238,098 from the Department of State Cash Fund and \$28,810 from the Federal Election Assistance Fund) for Salary Survey and Senior Executive Service, pursuant to Committee-approved common policy.

Performance-Based Pay Awards

Staff recommends a total appropriation of \$97,114 (\$86,656 from the Department of State Cash Fund and \$10,458 from the Federal Election Assistance Fund) for Performance-Based Pay Awards, pursuant to Committee-approved common policy.

Workers' Compensation

Staff recommendation is pending committee approval of a common policy for Workers' Compensation.

Operating Expenses

The Department requests \$453,631 General Fund and \$379,624 cash funds for operating expenses. For reasons previously stated in the document, staff does not recommend General Fund appropriations for the Department. **Staff recommends an appropriation of \$825,243 from the Department of State cash funds for operating expenses.**

Administration - Operating Expenses	
2007-08 Long Bill Appropriation	\$680,386
+ S.B. 07-83	\$5,128
Total 2007-08 Appropriation	\$685,514
2008-09 Impact S.B. 07-83	(\$3,005)
2008-09 Impact HB 06-1086	(\$3,186)
Voting Systems Certification (DI#1)	\$145,920
Total	\$825,243

Legal Services

The primary factors driving the Department's legal expenses are due to the Secretary of State's role as the State's Chief Election Officer and related costs associated with open records requests. The Department requests a total appropriation of \$224,950, comprised of \$93,600 General Fund and \$131,350 cash funds, for legal services. The Department's role in these matters is as defendant and it has little control over the litigation that may arise (e.g., legal challenges to election-related laws

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passed by the General Assembly). Staff identifies several factors that may cause the Department's FY 2008-09 legal services costs to exceed the requested amount - the 2008 Presidential election is expected to draw historically high voter turnout, there are significant unknowns surrounding the current status of the State's voting systems equipment, and it is possible that State could be subject to another lawsuit regarding the use of electronic voting equipment. However, since it is impossible to reliably forecast costs associated with these scenarios, staff is hesitant to recommend an amount greater than what the Department requested. **Staff recommends an appropriation of 3,282 legal services hours. The dollar amount for the recommendation is pending Committee approval of common policy.**

Administrative Law Judge Services

Staff recommendation is pending Committee approval of a common policy for Administrative Law Judge Services.

Purchase of Services from Computer Center

Staff recommendation is pending Committee approval of a common policy for Purchases from the Computer Center.

Multiuse Network Payments

The Department requests \$1,735,990 cash funds for Multiuse Network Payments. The Department of Personnel and Administration (DPA) allocates MNT costs to the various State departments based on the total bandwidth and facilities that each department uses. In the prior two fiscal years, DPA has significantly overestimated the Department of State's portion of these expenses, resulting in a significant mid-year bill rate adjustment. **Staff recommendation is pending Committee approval of a common policy for Multiuse Network Payments.**

Payment to Risk Management and Property Funds

The Department requests an appropriation of \$34,743 cash funds for this line. **Staff recommendation is pending Committee approval of a common policy for Payment to Risk Management and Property Funds.**

Vehicle Lease Payments

The Department requests an appropriation of \$2,487 cash funds for vehicle lease payments, which is a decrease of \$227 from the FY 2007-08 amount. **Staff recommendation is pending committee approval of a common policy for Vehicle Lease Payments.**

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Leased Space

The Department requests \$230,600 General Fund and \$503,069 cash funds for leased space. The General Fund portion of the request is related to a previously discussed decision item to use General Fund to finance costs associated with elections. **Staff recommends a total appropriation of \$709,669 cash funds for Leased Space.** Staff's recommendation does not include leased space for the ACP program because this appropriation is included in the program's own line.

Indirect Cost Assessment

The Department requests \$165,717 for statewide indirect costs assessments. **Staff recommends a total appropriation of \$224,409 (\$211,183 from the Department of State Cash Fund and \$13,226 from the Federal Election Assistance Fund) pursuant to Committee-approved common policy.**

Discretionary Fund

Pursuant to Section 24-9-105 (d), C.R.S., the Secretary of State may receive \$5,000 per year for expenditures related to official business. **The Department requests and Staff recommends an appropriation of \$5,000 cash funds for the Secretary's discretionary fund.**

Address Confidentiality Program

The General Assembly created the Address Confidentiality Program in 2007 and it is a new line in the 2008 long bill. The ACP keeps confidential the address of a relocated victim of domestic violence, stalking, sexual offense, or similar crime by receiving mail at a substitute address and then forwarding it to the participant. The program was created with its own funding source, a \$28 surcharge levied on offenders who are convicted of certain crimes such as domestic violence and stalking. The revenue is deposited in the Address Confidentiality Program Surcharge cash fund pursuant to Section 24-21-214, C.R.S. During FY 2007-08 the surcharge didn't generate the anticipated amount of revenue and the Department submitted a supplemental funding request. As a part of this funding request, staff reduced the FY 2007-08 appropriation by 0.5 FTE and \$34,452 to result in a new funding amount of \$75,337 and 1.0 FTE.

In accordance with the legislation's fiscal note, the Department requests \$137,120 cash funds and 2.0 FTE for the program in FY 2008-09. **Staff recommends \$75,337 from the Address Confidentiality Cash Fund and 1.0 FTE.** This represents a continuation level of funding from FY 2007-08. Staff did not apply the base reduction because there is only 1.0 FTE.

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(2) SPECIAL PURPOSE

The Special Purpose section includes the Help America Vote Act, the Local Election Reimbursement, and the Initiative and Referendum lines.

Help America Vote Act (HAVA)

Pursuant to statute [Section 1-1.5-106 (2) (b), C.R.S.], funds in the Federal Elections Assistance Fund are continuously appropriated and are controlled of the Secretary of State. The HAVA line item "appropriations" that appear in the Long Bill are projected spending levels that are included for informational purposes only. They do not limit the Department's spending.

In 2003 the Colorado General Assembly passed HB03-1356, the "Colorado Help America Vote Act," which is located in Title 1, Article 1.5, C.R.S. This legislation also created the Federal Elections Assistance Fund to receive federal and state monies appropriated for HAVA-related purposes [see Section 1-1.5-106, C.R.S.]. To date, the Fund has received approximately \$43.4 million in federal funds and the state's required \$1.8 million match, which was transferred from the Department of State Cash Fund.⁹ Pursuant to Section 1-1.5-106 (2), C.R.S., monies in the Federal Election Assistance Fund may only be used for HAVA-specified purposes and are continuously appropriated to the department for the administration, implementation, and enforcement of HAVA. The funds have been used to improve the administration of federal elections by replacing outdated voting technology, improving voter education, improving accessibility for disabled voters, and instituting a statewide voter registration system. **The Department requests and Staff recommends an informational appropriation of \$6,976,940 and 7.5 FTE for the Help America Vote Act Program.**

To this point, HAVA funds were categorized in the long bill as "cash funds exempt." The Committee approved a format change to the FY 2008-09 long bill that eliminates the "cash funds exempt" column and adds a "reappropriated funds" column. *As a part of this formatting change, HAVA funds are re-categorized as "cash funds."* The reasoning for this category is because the funds have already been appropriated into the Federal Elections Assistance Fund and are spent out of this cash fund. During years that the Federal government appropriates additional moneys, the initial year these funds will be categorized as "federal funds," then move to the "cash funds" column during subsequent years.

⁹ The Federal Elections Assistance Fund was created pursuant to Section 1-1.5-106 (3), C.R.S.

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Local Election Reimbursement

In years when voters must decide a statewide ballot measure, Section 1-5-505.5, C.R.S., requires the Secretary of State to reimburse counties for some of the related costs. Statute does not provide for reimbursement of other county election costs. During the FY 06-07 fiscal year the reimbursement rate increased by \$0.35, to \$0.80 per voter for counties with fewer than 10,000 active registered voters and to \$0.70 per voter for counties with more than 10,000 active registered voters.

The Department requests and staff recommends an appropriation of \$1,729,923 for this line, a continuation of last year's total appropriation. The fund source is the Department of State Cash Fund.

Initiative and Referendum

This appropriation funds petition verification, the activities of the Ballot Title Setting Board, and the cost of translating the ballot information booklet (the "Blue Book") into Spanish. A substantial part of the expenditure is for temporary workers and for legal services. Expenditures fluctuate widely because in odd-year elections, the only initiatives permitted on the November ballots are TABOR-related matters. Typically, the Department receives at the most one initiative petition for an odd-year ballot. In even year elections (general elections), there are no restrictions on the types of initiatives permitted on the ballot.

Most petitions are submitted with approximately 80,000 - 100,000 signatures, and by statute the Secretary has only 30 days to verify the signatures. In order to achieve this the Department hires temporary workers, and the cost can be as high as \$50,000 per petition. Under law, the Department may check a five percent random sample of signatures, and if this sample demonstrates that the petition has the required number of signatures from registered voters, it doesn't have to verify every signature. This is one of the variables that makes it difficult to accurately forecast expenditures in this line, and it is not uncommon for the Department to revert much of its appropriation. Staff is not as concerned about the potential reversions because since it is a separate line, the Department may not use the appropriation for other purposes.

Staff recommends a \$200,000 cash funds appropriation for the Initiative and Referendum line.

The appropriation is for a general-election year during which staff anticipates a high level of citizen-initiated election activity. Since the Department is required by law to verify petition signatures within 30 days, it is important that it have access to the resources necessary to perform this function. The Department included the Initiative and Referendum line as part of its request to fund election-related activities with General Fund and requests a \$200,000 General Fund appropriation for this line. Staff has previously explained a recommendation for why the Committee should continue to fund election-related activities with cash funds.

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(3) INFORMATION TECHNOLOGY (IT) SERVICES

The Information Technology Division consists of two separate Long Bill sections - Information Technology and Statewide Disaster Recovery Center.

(A) Information Technology

The Information Technology section provides technical services and support to programs administered by the Department's staff. It maintains the Department's data center and website and supports many of the Business Division's activities. The Department submitted two decision items for the IT division, regarding compliance with the Colorado Information Security Act and for a new accounting system. Staff will discuss these requests first because they affect recommendations for the Personal Services and Operating lines.

Decision Item #2 - Colorado Information Security Act Request

Background of Request

The recently enacted Colorado Information Security Act (CISA) led to the State's Chief Information Security Officer (CISO) and the Office of Cyber Security (OCS) to adopt administrative rules governing information security practices. The OCS created procedures by which every state agency was to:

- Assess the current state of information security practices;
- Identify areas where the agency isn't currently meeting the OCS' defined policies and standards; and
- Develop a Plan of Actions and Milestones (POA&M), which was subsequently approved by the CISO and serves as the Department's plan to achieve full compliance with the CISA.

Pursuant to Section 24-37.5-404, C.R.S., the Department of State developed an information security plan (POA&M) that adheres to the standards and guidelines developed by the Colorado's Chief Information Security Officer. The POA&M identifies many areas in which the Secretary of State's office should train employees, perform security audits, institute more rigorous security practices and technology, and generally increase the priority and awareness of information security practices. In accordance with Section 24-37.5-404 (5), C.R.S., the plan has an implementation schedule of less than three years. **The Department requests \$767,784 cash funds and 2.1 FTE, which annualizes to \$325,740 and 2.1 FTE, to bring the agency into full compliance with the CISA.**

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Staff recommends an appropriation of \$749,846 cash funds and 2.1 FTE in FY 2008-09, \$307,520 cash funds and 2.1 FTE in FY 2009-10, and an annualized amount of \$247,276 and 2.1 FTE starting in FY 2010-11.

Department of State Colorado Information Security Act Request*						
Item	FY 08-09		FY 09-10		FY 10-11	
	Request	Recom.	Request	Recom.	Request	Recom.
Contractors/ Consultants	\$297,740	\$297,740	\$32,584	\$32,584	\$32,584	\$0
Training on Security Best Practices	\$55,320	\$55,320	\$55,320	\$55,320	\$55,320	\$27,660
Personal Services - 2.1 FTE	\$206,718	\$189,203	\$206,718	\$189,203	\$206,718	\$189,203
Operating Expenses	\$8,883	\$8,460	\$2,605	\$1,900	\$2,605	\$1,900
Hardware/Software Maintenance	\$29,123	\$29,123	\$28,513	\$28,513	\$28,513	\$28,513
IT Asset Mangement - Purchase of Intrusion Prevention and Detection Systems, etc.	\$170,000	\$170,000	\$0	\$0	\$0	\$0
Total	\$767,784	\$749,846	\$325,740	\$307,520	\$325,740	\$247,276
*Fund Source: Department of State Cash Fund [Section 24-21-204, C.R.S]						

Staff Analysis

- The Department maintains a significant amount of data such as voter information, death records, driver's license records, Uniform Commercial Code filings, business entity information, lobbyist information, and credit card data, which the State has a responsibility to protect.
- The General Assembly has both encouraged and required the Department to adopt an e-government operating model (see the following table). Many services require constituents to submit personal information and are only available online.

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Recent Legislation Enacted by the General Assembly	
S.B. 07-259	Requires the Secretary of State (SOS) to develop and implement improvements to the Secretary's website to improve the public's ability to search, download, and analyze campaign finance information.
H.B. 06-1086	Requires the SOS to accept electronic filings for bingo-raffle licenses.
S.B. 06-188	Requires the SOS to distribute an electronic master list of active Effective Financing Statements.
S.B. 05-205	Requires SOS to cooperate in a joint federal effort to enable and promote electronic filings amongst charitable organizations.
S.B. 04-231	Permits the SOS to require any filing to be made electronically. If the document is stored and available to the public by electronic means, electronic access may be the sole means of access to the document.
H.B. 02-1147	Requires the SOS office to accept electronic filing of all business entity documents.
H.B. 02-1326	Requires the SOS office to specify the format in which electronic records must be created, sent, and stored, as well as systems and control processes established for those purposes.
H.B. 02-1203	Requires the Department to publish the Code of Colorado Regulations in electronic format.

- ❑ Over 90% of the business entity and lobbyist filings are completed online, and the Department processes over 1,300 web-based transactions daily. The CISO may temporarily discontinue the operation of an agency's information resources in order to isolate the source of a security incident.¹⁰ Online business filing fees are the Department's primary cash fund revenue, and any service interruption could be devastating. **A cyber-security breach could necessitate that the Legislature appropriate General Fund in order for the Department to maintain its services.**

- ❑ Colorado's statewide voter registration database (SCORE) will be used for the first time during the 2008 elections. The education component of this request will raise the awareness of county election officials on how to best maintain and protect the security of the information on the SCORE database. It will also improve awareness about the database's potential vulnerabilities and give county-level users the knowledge to simultaneously maximize SCORE's benefits while ensuring the security of the information on the database.

¹⁰ Pursuant to Section 24-37.5-405 (2), C.R.S.
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- ❑ Current Payment Card Industry (PCI) fines for disclosure of credit card information and associated card verification (CV) numbers are \$500,000 and \$100,000, respectively, for every card and number. The fines resulting from one security breach are equal to almost the entire first year's amount of the request. However, the lasting damage to the public's confidence in using the online business filing system could be devastating. It would not only be detrimental to the Department's cash fund, it would negatively impact the public perception of all electronic government transactions. This request will strengthen and maintain the security of credit card transactions.

Explanation of Staff Fiscal Recommendation

- ❑ *Personal Services* - The Department included AED and SAED as part of its personal services request. Staff followed Committee common policy which dictates that these items are not included when appropriating fewer than 20.0 FTE. Staff subtracted these amounts from the recommended appropriation for personal services. Additionally, the Department's personal services request calculated the salaries at the maximum of the pay range for IT Professional IV. Committee common policy is to calculate salaries at the entry level amount. The IT employment sector is strong in the Denver metro area, and since this request involves IT security it is important to recruit experienced, knowledgeable professionals. It is reasonable to anticipate that the Department will recruit these FTE at 15% above the entry level salary for the position, for an annual salary of \$80,054 per FTE. Staff then included PERA and Medicare in the amount to arrive at the total personal services request for 2.1 FTE to be \$189,203.
- ❑ *Operating Expenses* - Staff anticipates that the additional 0.1 FTE will be re-allocated from existing staff who already has a computer, office equipment, etc., and whose annualized operating expenses are already covered. Staff subtracted the operating expenses for 0.1 FTE from the requested amount (which was \$423 in FY 2008-09 and \$95 per year afterwards). Staff located two different amounts for annualized operating expenses in the Department's budget request, \$2,605 and \$1,995. Staff chose to use the smaller amount, \$1,995, and subtracted the operating expenses for 0.1 FTE (as discussed earlier) to arrive at annualized operating expenses of \$1,900.
- ❑ *Training on Security Best Practices* - The Department requests \$55,320 per year for training on best security practices. Staff recommends this amount for the first two years, but then recommends \$27,660 on an annualized basis beginning FY 2010-11. Staff anticipates that by this time the Department will have already developed materials, a training curriculum, etc. Staff also anticipates that information security practices will have become a part of the institutional culture and incorporated as a part of new employee training, decreasing the overall training expenses.

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Decision Item #3 - Accounting System

Background of Request

The Department requests \$520,000 total cash funds to replace the Department's accounting software, which serves as a "point of sale" system to process payments for the services provided by the Department. The system is used for both online filings and those services handled at the physical office. The current software is eleven-years-old, outdated, and it is increasingly difficult to find service technicians who are able to support the hardware and operating systems. The software was written in a language that is now obsolete and according to the Department, upgrading the system would cause the application to fail. The Department lists two options - to purchase a new system or to develop a system in-house. Developing a system in-house would initially cost \$350,000. However, the Department believes the benefits of an off-the shelf-product, such as permitting it to stay current with existing software and access to vendor updates, outweigh the additional expense of purchasing the software.

Without a formal RFP, vendors would only provide estimates of the costs of a new system, and these cost estimates are the basis for the request. It is possible that when the Department issues a formal RFP the final costs may differ. According to the Department, regardless of the vendor, the system would require customization to integrate it with existing applications and there will be labor costs involved with migrating data from the old accounting system to the new one.

Department Request for New Accounting System		
	FY 2008-09	FY 2009-10
Software Licensing	\$100,000	\$0
Hardware & Software Maintenance	\$20,000	\$25,000
Consulting and Customization	\$300,000	\$55,000
Hardware	\$20,000	\$0
Defining Requirements	\$25,000	\$0
Data Migration	\$15,000	\$0
Application Integration	\$25,000	\$0
Internal Training	\$15,000	\$20,000
Total	\$520,000	\$100,000

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Staff recommends \$520,000 cash funds for the Department to purchase new accounting system software in FY 2008-09, \$100,000 cash funds for the new accounting system software in FY 2009-10, and an annualized amount of \$25,000 cash funds in FY 2010-11 for hardware and software maintenance.

Staff Analysis

- Pursuant to Section 24-21-104 (2), C.R.S., the Secretary of State is authorized to maintain an accounts receivable system for the collection of fees charged for the official work performed in his office.
- The current accounting system is the oldest software in the Department and the Department's needs and industry expectations have changed dramatically since it was developed. Over the past 11 years the Department has introduced new services and assumed additional responsibilities in its business division. In the near future the current accounting system will become an impediment to the Department's progress in these areas.
- Information technology evolves at a faster pace than any other sector. Software that is created in-house has the potential to remain stagnant and to become outdated within a few years. Purchasing off-the-shelf software gives the Department access to software updates and technical support for the software through a software maintenance/update contract, which it would not otherwise receive if it developed the system in-house.
- It is becoming increasingly difficult and expensive to identify technicians who are knowledgeable about the accounting system's software. This difficulty and expense will increase every year. The system relies on a type of hardware that is no longer manufactured, making it impossible to find new replacement parts. Such hardware can typically be repaired only with refurbished parts, which the Department says are difficult to obtain.
- The majority of the Department's cash fund revenue is derived from fees associated with its business filings. The accounting system is used to process those fees and to credit them to the appropriate account. If the system were to become inoperable it is quite possible that the Department would be unable to process business filings and payments. The stability of the Department's funding stream is directly dependent upon the reliability of the accounting system.

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- ❑ In recent years the JBC and its staff have strongly urged the Department to bring its cash fund into compliance with Section 24-75-402, C.R.S.¹¹ The Department has finally achieved this goal, but as a result, it has few reserves with which to supplement any prolonged decrease in revenue. A fully-functioning, up-to-date, and reliable accounting system is necessary for the Department to remain solely supported by its cash fund.
- ❑ Staff is concerned that without a formal RFP it is impossible to accurately predict the cost of the accounting system and how the appropriation will be used. Staff recommends that the JBC include the following information request with the FY 2008-09 long bill:

Department of State, Information Technology -- The Department of State is requested to provide to the Joint Budget Committee by November 1, 2008, information concerning expenditures related to the Department's new accounting system. The report should include the status of the RFP and anticipated or actual costs of the new accounting system. The requested information should be submitted as part of the Department of State's annual budget request.

Personal Services

The Department requests a total appropriation of \$5,215,180, comprised of \$1,906,820 General Fund and \$3,308,360 cash funds, and 31.1 FTE. The General Fund portion of the request represents the portion of IT support that is attributed to election-related activity. It is a part of the larger decision item to transfer the funding of elections to General Fund. **Staff recommends an appropriation of \$5,177,393 cash funds and 32.1 FTE for Information Technology, Personal Services.** Staff's calculations are shown in the table below.

¹¹ Section 24-75-402, C.R.S., limits excess uncommitted cash fund reserves from exceeding 16.5%.

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Information Technology, Personal Services		
Item	Total¹²	FTE
FY 2007-08 Appropriation	\$2,807,126	29.0
+ Special Bill SB07-259	\$81,844	1.0
= Total FY 2007-08 Appropriation	\$2,888,970	30.0
+ Special Bill SB07-259 FY 2008-09 Impact	\$1,395,000	0.0
= Total	\$4,283,970	30.0
- 1% Base Reduction ¹³	(\$28,840)	0.0
= Total base FY 2008-09 Personal Services	\$4,255,130	0.0
Colorado Information Security Act Decision Item	\$542,263	2.1
Accounting System Decision Item	\$380,000	0.0
Total	\$5,177,393	32.1

Operating Expenses

The Department requests an appropriation of \$804,878 for IT operating expenses, comprised of \$214,431 General Fund and \$590,447 cash funds. The General Fund portion of the request is related to the Department's decision item to transfer the funding of elections-related activity to General Fund. **Staff recommends an appropriation of \$767,430 cash funds for Operating Expenses.** Staff's calculations are listed on the following table.

¹² Appropriations are from the Department of State Cash Fund

¹³ Prior to applying the base reduction, Staff subtracted \$2,883,970 in contract services from the total amount. Contract services are set prices and not eligible for vacancy savings.

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Information Technology - Operating Expenses	
Item	Cash Funds
FY 2007-08 Appropriation	\$588,323
+ SB 07-259	\$4,835
Total FY 2007-08 Appropriation	\$593,158
SB 07-259, FY 2008-09 Impact	(\$2,711)
HB 06-1086, FY 2008-09 Impact	(\$170,600)
Decision Item, CISA	\$207,583
Decision Item, Accounting System	\$140,000
Total, Operating Expenses	\$767,430

Hardware/Software Maintenance

This line item funds hardware and software maintenance contracts and repairs as well as software purchases. The line differs from the Information Technology Asset Management because computer equipment is not purchased with this appropriation. However, expenditures are related between the two lines. For example, when the Department purchases a new piece of computer equipment, when the warranty period ends the Department assumes responsibility for maintaining the equipment. **The Department requests and Staff recommends an appropriation of \$878,230 cash funds for Hardware/Software Maintenance.** This represents a continuation level of funding from FY 2007-08.

Information Technology Asset Management

This line funds the replacement of the Department's IT assets on a predictable schedule. When properly implemented, such strategies can increase asset reliability, reduce maintenance costs, and create a more predictable stream of IT expenses, which makes it easier for the Department to set fees. **The Department requests and Staff recommends an appropriation of \$445,418 cash funds for Information Technology Asset Management.** This is the same amount that was appropriated in FY 2007-08.

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(B) Statewide Disaster Recovery Facility

Personal Services

The Department requests, and staff recommends, an appropriation of \$180,376 cash funds and 3.0 FTE for personal services line. Staff did not apply the base reduction because there are fewer than 20.0 FTE in this line.

Leased Space

The Department requests and staff recommends an appropriation of \$1,749,000 cash funds for the leased space line for the disaster recovery facility. This is a continuation level of funding from FY 2007-08 and it covers the cost of the lease with ViaWest.

Operating Expenses

The Department requests and staff recommends an appropriation of \$247,000 cash funds for operating expenses associated with the disaster recovery facility. This amount represents a continuation level of funding.

Hardware/Software Maintenance

The Department requests and staff recommends an appropriation of \$47,000 cash funds for hardware/software maintenance expenses. This amount represents a continuation level of funding.

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Requests for Information

Staff recommends the following requests for information:

(1) Department of State, Information Technology -- The Department of State is requested to provide to the Joint Budget Committee by November 1, 2008, information concerning expenditures related to the Department's new accounting system. The report should include the status of the RFP and anticipated or actual costs of the new accounting system. The requested information should be submitted as part of the Department of State's annual budget request.

(2) Department of State -- The Department of State is requested to provide to the Joint Budget Committee by November 1, 2008, information concerning the Administration, Licensing, and Business sections of its Administration Division. The report should include how funds and FTE are appropriated amongst the various sections of the Administration Division.

(3) Department of State, Administration -- The Department of State is requested to submit quarterly budget reports to the Joint Budget Committee for the Address Confidentiality Program. The reports should reflect expenditures for the prior quarter, a budget for the upcoming quarter, the number of participants served, and the number of pieces of mail processed weekly.