<div align="center">

DEPARTMENT OF STATE
FY 2012-13 JOINT BUDGET COMMITTEE HEARING AGENDA

Tuesday, December 13, 2011
10:30 am – 12:00 pm

</div>

10:30-11:00   INTRODUCTIONS AND OPENING COMMENTS

11:00-11:15   QUESTIONS COMMON TO ALL DEPARTMENTS

A. PERFORMANCE-BASED GOALS AND BUDGET REQUEST

1. Please describe the process the Department used to develop its strategic plan.

    Response: The department's strategic plan was developed according to standards and procedures established in prior years. Based on a top to bottom review of office procedures, the Department has identified the lack of a sound strategic plan as a weakness and has prioritized according to immediate needs and office initiatives. Most immediate has been a major reorganization through the merger of the business and licensing functions into one division. This process was launched in November, 2010 and was not completed until the Department recruited and installed a new Director of the Business Division and Licensing Division in June, 2011. Additional, key roles such as Chief of Staff and Senior Project Manager required recruitment.

    At the time of the FY 12-13 Budget submission the department had established goals and objectives for each division based on prior years, but it had not yet completed a full evaluation for the November 1st document. Consequently, performance measures established in prior years had run their course and were for the most part no longer applicable. In response to current strategic planning weaknesses, the Department has scheduled a thorough department-wide strategic analysis in the third quarter of the current fiscal year. Accordingly, the Department has submitted its current strategic plan to the Committee, will continue to expand its work and provide a more robust plan to its committees of reference in January (according to the SMART Act), and will provide a significantly more robust strategic plan going forward.

2. The Department is requested to present a revised strategic plan at the hearing that is more comprehensive than the one that was submitted November 1, 2011, with their budget request.

    Response: See attachment.

3. Were there other performance objectives that were part of the plan? Why didn't the department submit a performance objective on access to voting?

> **Response:** No additional performance objectives were submitted. Consistent with the Department's historical planning and priorities, a performance objective related to voting was not submitted within the department's current strategic plan. The Department is re-evaluating this historical framework.

B. OTHER QUESTIONS COMMON TO ALL DEPARTMENTS

4. Please explain why the Department has audit recommendations that have not been fully implemented after extended periods of time. What are the obstacles the Department has faced in implementing recommendations? How does it plan to address outstanding audit findings? If applicable, please focus on those financial audit findings classified as "material weakness" or "significant deficiency".

> **Response:**   The department has implemented all audit recommendation as of July 11, 2011.

5. How does the Department define FTE?   Is the Department using more FTE than are appropriated to the Department in the Long Bill and other legislation? How many vacant FTE did the Department have in FY 2009-10 and FY 2010-11?

> **Response:** The department defines FTE as the total number of hours worked divided by the maximum number of compensable hours in a full-time/part-time schedule (2080 or 1040 hours annually). The department has never utilized more FTE than appropriated by the General Assembly. The vacancies in FY 09-10 were 15.2 FTE and in FY 10-11 16.3.

11:15-11:30   ELECTIONS REGISTRATION INFORMATION CENTER

6. Please discuss the Elections Registration Information Center Project, specifically how it will improve access to voting and registration. What is the Secretary of State's position on the project?

> **Response:** For the past three years, the Pew Center on the States has worked with several states, Colorado included, to develop an approach to modernize voter registration and the upkeep of the voter registration lists mandated by the Help America Vote Act of 2004. This approach, administered through a database matching system entitled ERIC, will consist of three core elements. First, ERIC will compare voter registration lists with a wider array of data sources than are currently used, including the Social Security death master list and the U.S. Postal Service National Change of Address file, to update and verify voter rolls. Second, ERIC will use proven matching techniques and data security

protocols to ensure the privacy and accuracy of the voter roll data. Finally, ERIC will identify those citizens qualified but not registered at a time in the election calendar that will enable states to respond to this information.

In practice, the ERIC project will mean that Colorado has cleaner rolls. It will also save substantial time and money expended by local officials, by reducing the time and material costs of sending mailings and ballots to bad addresses. Acting upon ERIC's information, the Secretary of State will conduct the single largest voter registration effort in the history of Colorado. At present, the Department of State expects to mail postcards to upward of a million qualified but unregistered Coloradans, advising them that they can register to vote online at www.govotecolorado.com or by paper. Once this first mailing is complete, each quarter the Secretary of State will mail newly-identified citizens who are eligible to vote, but have not yet registered.

7. Does the system actually exist at this time and what is Pew's participation in the system?

Response: Pew has partnered with IBM to create the system architecture and tested it on a smaller scale. As a result of successful testing, Pew is currently completing a contract with IBM to build ERIC. Pew anticipates that ERIC will be complete and ready to receive data by the end of February, 2012. The first half-dozen states, including Colorado, will submit data by April, 2012 and undertake the voter registration component by June, 2012 (before the primary election registration deadline).

8. What are the ramifications (positive and negative) of the move to streamline the registration process and move away from paper voter registration applications?

Response: Since the system's implementation 18 months ago, Colorado's online registration system has allowed over 150,000 Coloradans to register to vote or update their registration. A study from the Pew Center on the States found that on average an online registration or update saved the state $.80 per registration. This means that $120,000 has been saved since the implementation of online voter registration at www.govotecolorado.com. The system provides adequate security measures, since only persons with a current driver's license or state identification card, including an existing signature on file with CDOR, may register or update their registration online. Those without a signature on file with CDOR must fill out a paper form, which can be mailed or hand-delivered to the state or county.

9. Are the county clerks supportive of the project?

Response: After receiving general briefings on ERIC, Colorado county clerks have indicated their broad support. Jefferson County Clerk, Pam Anderson, has attended Pew meetings on ERIC and is supportive. She has spoken to many county clerks and relays that they are supportive. In the coming weeks, the Department of State has invited David Becker, the Director of the Election section at Pew, to meet with the clerks January 5, 2012 to explain in more detail the ERIC project. This is also a major topic for the January CCCA convention in Colorado Springs.

11:30-11:40   CUSTOMER RELATIONSHIP MANAGEMENT SYSTEM (DECISION ITEM #2)

10. Will this proposed system result in any savings over time?

> **Response:** Yes. The Customer Relations management (CRM) System will provide the department with an integrated software solution that dramatically improves our ability to track and manage customer contact. The tool will be used across multiple divisions and programs and will drive efficient use of call center personnel as well as expand the capacity of existing programs.
>
> The CRM system will enable the department to handle expected growth in traffic without increasing FTE's. Historically the department has experienced an increase in call volume associated with an increase in online filing services. This trend is expected to continue as the department executes on new opportunities to web enable services. For this reason the implementation of CRM is not expected to immediately reduce staffing. But it will expand our current capacity to handle customer inquires and reduce the likelihood that new staff will be hired.

11:10-11:50   NUMBERS PAGES OVERVIEW - FTE GROWTH

11. In FY 2009-10, the Department had an actual FTE count of 118.4, in FY 2010-11 an actual FTE count of 118.3. In FY 2011-12, the Department received an FTE appropriation of 132.9, and in FY 2012-13, is requesting an FTE appropriation of 133.0. Please explain the growth in FTE over these fiscal years.

> **Response:**

FTE appropriations have remained stable, with a slight decline in FY 2011-2012. FTE levels represent both internal staff reductions and staff increases in response to new legislation, according to the following table and notes:

	09-10		10-11		11-12
Division	**Appr**	**Actual**	**Appr**	**Actual**	**Appr.**
Admin	89.5	77.9	94.0	80.5	92.0
ACP	1.0	1.5	1.5	1.5	0.0
HAVA	10.0	10.9	6.0	7.0	11.0
IT	31.1	26.4	31.1	28.0	29.9
Efor3t	2.0	1.7	2.0	1.3	0.0
Total	**133.6**	**118.4**	**134.6**	**118.3**	**132.9**
Vacancies		15.2		16.3	

- In FY 2009-10 the Department was appropriated 133.6 FTE and had an actual count of 118.4, with 15.2 vacancies.

- In FY 2010-11 the Department's appropriation grew 1.0 FTE to 134.6 FTE. This 1.0 FTE increase was due to a .5 FTE supplemental (ACP), and a .7 FTE increase for HB 09-1357 and a .2 FTE decrease for the ACP program.
- In FY 2010-11 the actual FTE count was 118.3 with 16.3 vacancies.
- The vacancies in FY 2009-10 and FY 2010-11 can be attributed to the hiring freeze the Department was under as well as difficulty finding qualified applicants for open positions.
- In FY 2011-12 the appropriation decreased by 1.7 FTE from 134.6 to 132.9. The department voluntarily reduced 4.2 FTE from FY 10-11 to FY 11-12, leaving Admin with 91.4 FTE, 11.0 FTE for Special Purpose and IT with 29.5 FTE. During figure setting last cycle .4 FTE was transferred to IT from Admin. An additional 1.0 FTE was added in Admin with HB 11-1095.

11:50 – 12:00 CLOSING COMMENTS/QUESTIONS

ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED

1. What hardware/software systems, if any, is the Department purchasing independently of the Office of Information Technology (OIT)? If the Department is making such purchases, explain why these purchases are being made outside of OIT.

   Response: The department does not require approval from OIT for hardware and software purchases. Department technology resources are not consolidated within OIT. The Department does, however, purchase commodity hardware and software from state purchasing agreements, which OIT or the Division of Purchasing within the Department of Personnel and Administration negotiate. The Department has also combined software and hardware support agreements with OIT for those technologies for which OIT has negotiated enterprise support agreements.

2. Please list and briefly describe any programs that the Department administers or services that the Department provides that directly benefit public schools (e.g., school based health clinics, educator preparation programs, interest-free cash flow loan program, etc.).

   Response: The department does not currently have any programs that directly benefit public schools.

Department of State

Using the following strategies, the Department will focus on activities to improve its use of technology and utilization of other resources to better serve its customers, and to ensure the integrity of elections.

Strategies

- The Department will continue to examine its internal processes across all divisions in order to improve efficiencies in operations as well as enhance services and customer relations. A change request submitted with this budget request reflects some of the strategies the Department proposes to employ.
- If funding is available, the department will take a proactive approach through the PEW (ERIC) project in 2012 to encourage eligible electors to register to vote and to do so through the Department's online voter registration system. Such an effort would result in a cleaner SCORE database and an increase in the number of qualified electors.
- With funding from a federal grant, the Department will develop risk-limiting audit processes of election results to assure election outcomes are the same whether votes are counted by machine or hand.
- The Department will expand its outreach efforts to non-profit and business sectors, election officials, charitable organizations, potential bingo/raffle licensees, and all Spanish-speaking customers. This type of outreach will include e-learning and other communication tools, such as *GovDelivery* and printed publications.
- Through coordinated efforts with researchers in State universities, the Department will explore ways to utilize business filing information to benefit businesses in the State.
- The Department will examine the feasibility of voting system uniformity in the state that should decrease future election costs.

Goals, Objectives and Performance Measures

Goal: To improve services provided to Department of State customers.

Objective: By FY13-14, reduce the number of rejected notary public commission applications by 10%.

Activity: Improve the current online application system to allow acceptance of required documents for a notary public commission.

Activity: Pursue legislation that will eliminate dated requirements associated with signatures and usability.

Performance Measure:

	Actual FY10-11 Benchmark	Estimated FY11-12	Estimated FY12-13	Estimated FY13-14
Number of Notary Applications Filed	24,060	21,811	23,985	24,000
Number of Notary Applications Rejected	4,652	4.557	4,310	4,007

Objective: By FY13-14, reduce the rate of rejected UCC documents to less than .01%.
Activity: Web-enable the filing of all UCC documents, except federal tax liens.

**Performance
Measure:**

	Actual FY10-11 Benchmark	Estimated FY11-12	Estimated FY12-13	Estimated FY13-14
Number of paper UCC documents filed	41,599	32,826	13,242	13,639
Number of paper UCC filings rejected	826	639	24	20

Objective: By FY 13-14, reduce the number of rejected bingo-raffle license applications by 14%.
Activity: Through training, outreach and other communication efforts, educate potential applicants on the requirements for operating charitable gaming, prerequisites for licenses, and the application process.
Activity: Develop and implement an online filing system that will assist applicants in determining if they meet prerequisites for a license, as well as guide them step-by-step through the application-filing process.

**Performance
Measure:**

	Actual FY10-11 Benchmark	Estimated FY11-12	Estimated FY12-13	Estimated FY13-14
Number of Licensed Bingo Entities	1,274	1,286	1,298	1,310
Number of Bingo-raffle licenses rejected	171	152	139	127

Objective: By FY13-14, reduce the rejection rate for charitable registration filings from 14.2% to 11%.
Activity: Through training, outreach and other communication efforts, educate potential registrants who are involved with charitable organizations, charitable solicitations and professional non-profit fundraising regarding the registration requirements with the State.
Activity: Refine the online filing system so that registrants are aware of information required to be filed.

**Performance
Measure:**

	Actual FY10-11 Benchmark	Estimated FY11-12	Estimated FY12-13	Estimated FY13-14
Number of Registered Charitable Organizations	9,168	10,543	13,943	16,034
Number of Applications Rejected	1,521	1,476	1,742	1,764

Goal: To ensure the integrity of Colorado election results.

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

       Activity: Implement the audit procedures that minimize risk and assure accurate election results as outlined in a $230,000 grant awarded from the Election Assistance Commission.

       Activity: Partner with six counties and a statistical expert on election auditing to test these procedures.

Performance Measure:

	Actual FY10-11 Benchmark	Estimated FY11-12	Estimated FY12-13	Estimated FY13-14
Number of counties utilizing risk-limiting post-election audit procedures	NA	3	5	64

Workload Indicators

	Actual FY09-10	Actual FY10-11	Estimated FY11-12	Estimated FY12-13
Number of business documents filed in paper format	10,873	9,856	1,602	1,602
Number of Colorado Open Records Act requests	34	63	60	60
Number of telephone calls to Business/Licensing call center	100,952	115,459	118,000	118,000
Number of rulemakings undertaken	7	10	7	7
Number of active committees in the TRACER campaign finance filing system	570	1354	1099	1387