

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



FY 2010-11 STAFF BUDGET BRIEFING

DEPARTMENT OF STATE

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

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**FY 2010-11 BUDGET BRIEFING
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE**

DEPARTMENT OF STATE

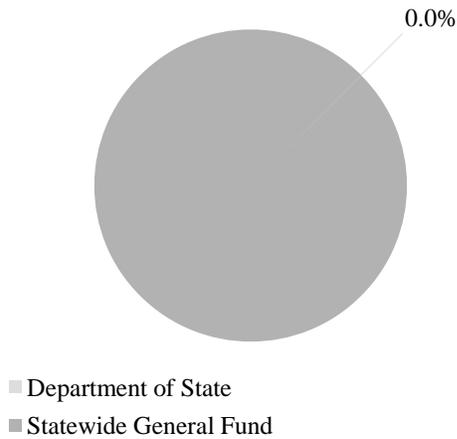
Table of Contents

Graphic Overview	1
Department Overview	3
Decision Items	6
Overview of Numbers Pages	7
Issues:	
Help America Vote Act (HAVA)	8
Outcome of Election Reform Commission	12
Improvements to Department's Campaign Finance Filing System	13
Appendices:	
A - Numbers Pages	14
B - Summary of Major Legislation from 2009 Legislative Session	20
C - Update on Long Bill Footnotes and Requests for Information	22

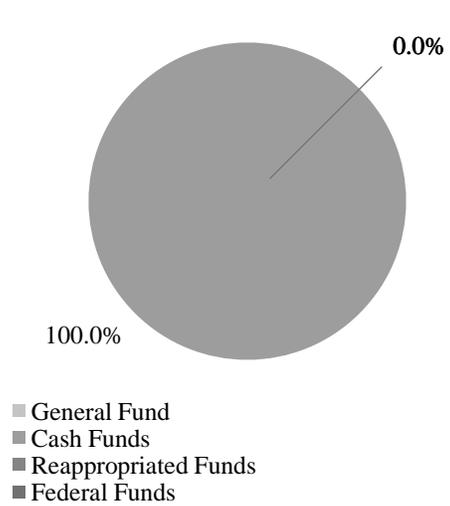
**FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of State**

GRAPHIC OVERVIEW

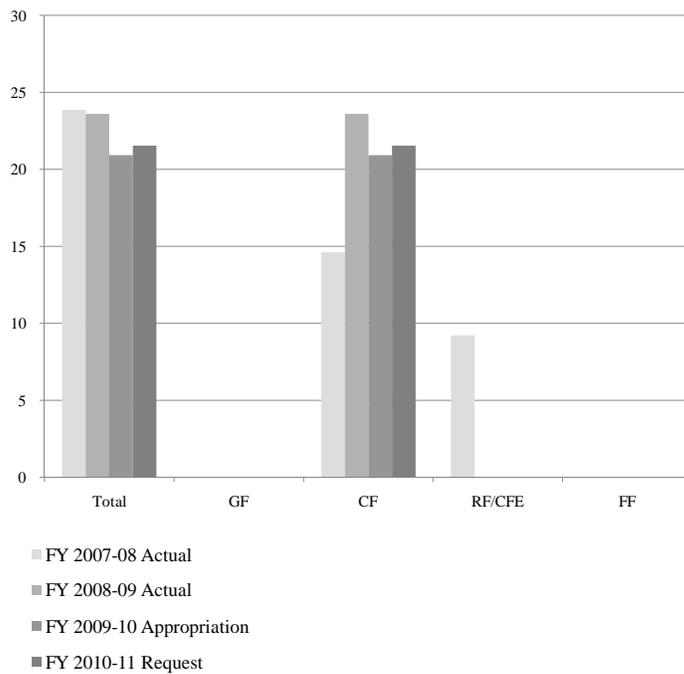
Department's Share of Statewide General Fund



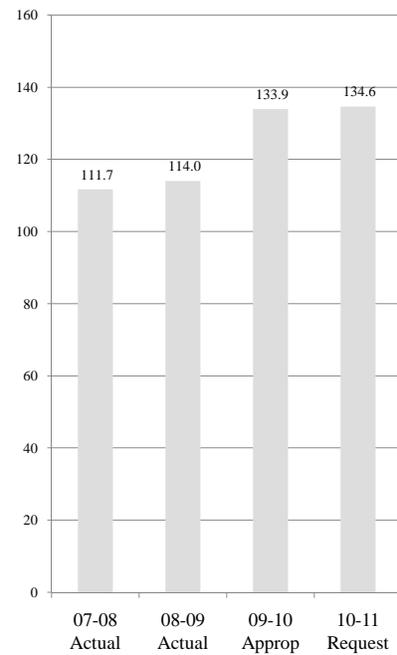
Department Funding Sources



**Budget History
(Millions of Dollars)**



FTE History

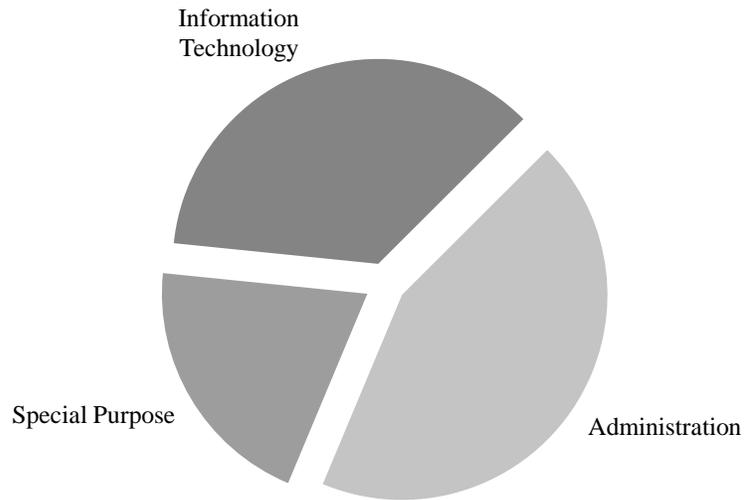


Unless otherwise noted, all charts are based on the FY 2009-10 appropriation.

Distribution of General Fund by Division

The Department of State received no General Fund appropriation in FY 2009-10.

Distribution of Total Funds by Division



**FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of State**

DEPARTMENT OVERVIEW

Key Responsibilities

Elections

- Administers statewide statutory provisions that relate to elections, including the preparation and conduct of elections and the initiative and referendum process
- Certifies voting equipment
- Implements the provisions of the federal Help America Vote Act (HAVA), including the improvement of the administration of federal elections
- Oversees campaign finance reporting by political candidates and committees
- Manages the computerized statewide voter registration system

Business

- Collects, maintains and provides public access to business filings such as annual reports, articles of incorporation, liens, and other documents filed by businesses
- Registers business names, tradenames and trademarks

Licensing

- 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
- Administers the Address Confidentiality Program

Administrative

- Compiles, publishes, and posts online the Code of Colorado Regulations

Technology

- Manages the state disaster recovery data facility known as the Enterprise Facility for Readiness/Response/Recovery and Transition Services (e-FOR³T)
- Maintains the computerized statewide voter registration system
- Provides information technology services to the Department

Factors Driving the Budget

Revenue from Business Filings

The Department is cash-funded, with the exception of federal funds that the state received to administer the Help America Vote Act.¹ The primary cash fund is the Department of State Cash Fund, which earns revenue from fees charged for business-entity filings. The Business division's filing fees contribute to approximately 95.0 percent of the Department's revenue. The remainder of the cash funds are primarily from campaign finance and notary administration filings.

Election-Related Expenditures

Many of the Department's election-related expenditures are not expressly labeled as such in the Long Bill. They are contained in line items such as Personal Services, Operating Expenses, and Legal Services. Only three line items in the Long Bill - Help America Vote Act (HAVA), Initiative and Referendum, and Local Election Reimbursement - pertain solely to elections. The Initiative and Referendum line item funds responsibilities such as verifying signatures on initiative petitions. During odd years the initiatives are limited to TABOR-related matters, but during even years there are no restrictions on the type of initiatives on the ballot. The Local Election Reimbursement program reimburses counties for some of the costs related to statewide ballot initiatives. These expenditures are driven by the number of eligible registered voters in each county, and this number typically increases during even years due to the voter registration drives that precede general elections.

Election-Related Expenditures						
	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Approp	FY 2010-11 Request
Local Election Reimbursement	\$867,393	\$1,681,178	\$914	\$2,042,250	\$1,725,699	\$1,725,699
Initiative and Referendum	83,417	0	50,000	301,007	50,000	200,000
Total	\$950,810	\$1,681,178	\$50,914	\$2,343,257	\$1,775,699	\$1,925,699

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

Help America Vote Act Program

The federal Help America Vote Act of 2002 (HAVA) required the state to replace outdated voting technology, to ensure accessibility for disabled voters, and to institute a statewide voter registration system. Pursuant to Section 1-1.5-106 (1) (a), C.R.S., the Federal Elections Assistance Fund was established to receive HAVA funds; the State has received \$44.8 million in federal funds and \$1.98 has been appropriated from the Department of State Cash Fund as the State's matching contribution. The State does not anticipate additional federal funding, and HAVA funds are expected to be exhausted by FY 2012-13. HAVA funds are not subject to legislative authority and thus appropriations appear in the Long Bill for informational purposes only.

HAVA Expenditures						
	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Approp	FY 2010-11 Request
Expenditures	\$3,032,976	\$18,760,700	\$9,405,515	\$6,637,556	\$2,356,286	\$3,519,768
FTE	15.0	9.0	9.5	9.5	10.0	11.0

Information Technology Services

The Information Technology Services division provides most of the technology support for the Department, is responsible for the Department's compliance with the State's Information Security Act, and is the managing entity for the State's disaster recovery data center facility. The Department provides many search and filing services via the internet and it processes over 1,200 web-based transactions daily. The division also provides project direction and support for the federally mandated computerized statewide voter registration system, known as the State of Colorado Registration and Elections (SCORE) system. SCORE is required by the Help America Vote Act, and it is primarily funded by the Federal Elections Assistance Fund. The remainder of this division is funded by the Department of State Cash Fund and the Notary Administration Cash Fund.

Information Technology Services Expenditures						
	FY 2005-06 Actual	FY 2006-07 Actual	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Approp	FY 2010-11 Request
IT division total	\$7,656,412	\$6,430,708	\$6,346,060	\$6,938,138	\$7,481,402	\$7,192,151
IT division FTE	29.5	32.0	26.2	27.1	33.1	33.1

**FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of State**

DECISION ITEM PRIORITY LIST

Decision Item	GF	CF	RF	FF	Total	FTE
1						0
<p>Transfer HAVA Costs and FTE to Department of State Cash Fund</p> <p>Administration; Special Purpose; and Information Technology Services. The Department requests to transfer a portion of the expenses for HAVA-related activities from the Federal Elections Assistance Fund to the Department of State Cash Fund. Specifically, the Department would transfer \$343,434 and 4.0 FTE to the Administration division, and \$99,557 and 1.0 FTE to the Information Technology Services division, and reflect a corresponding reduction in the Special Purpose division. The Department anticipates that the HAVA funds will be depleted by early FY 2012-13, and asserts that it is better to make a gradual transition than one large fiscal impact. The total transfer between cash funds is \$442,991 and 5.0 FTE, but the net impact would be \$0.</p>						
Total						

**FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of State**

OVERVIEW OF NUMBERS PAGES

The following table highlights changes contained in the Department's FY 2010-11 budget request, as compared with the FY 2009-10 appropriation. For additional detail, see the numbers pages in Appendix A.

Total Requested Change, FY 2009-10 to FY 2010-11 (millions of dollars)

Category	GF	CF	RF	FF	Total	FTE
FY 2009-10 Appropriation	\$0.0	\$20.9	\$0.0	\$0.0	\$20.9	133.9
FY 2010-11 Request	0.0	21.5	0.0	0.0	21.5	134.6
Increase / (Decrease)	\$0.0	\$0.6	\$0.0	\$0.0	\$0.6	0.7
Percentage Change	n/a	2.9%	n/a	n/a	2.9%	0.5%

Requested Changes, FY 2009-10 to FY 2010-11

Category	GF	CF	RF	FF	Total	FTE
Help America Vote Act (HAVA)	0	829,895	0	0	829,895	1.0
Adjustment for cyclical nature of initiative and referendum process	0	150,000	0	0	150,000	0.0
Supplemental and annualization for Address Confidentiality Program	0	56,880	0	0	56,880	0.5
E-For ³ t Leased Space	0	55,728	0	0	55,728	0.0
Annualize prior year legislation	0	1,018	0	0	1,018	0.0
One-time funds to modify voter registration database according to 2009 special legislation	0	(243,324)	0	0	(243,324)	0.0
Annualize FY 2008-09 decision item for new accounting system	0	(75,000)	0	0	(75,000)	0.0
Annualize S.B. 07-259	0	(63,698)	0	0	(63,698)	(1.0)
Annualize FY 2008-09 decision item for CISA	0	(60,244)	0	0	(60,244)	0.0
One-time costs to modify IT systems	0	(17,760)	0	0	(17,760)	0.0
Common policy changes	0	(1,547)	0	0	(1,547)	0.0
Total Change	\$0	\$631,948	\$0	\$0	\$631,948	0.5

**FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of State**

BRIEFING ISSUE

ISSUE: Transfer Expenditures From the Federal Elections Assistance Fund to the Department of State Cash Fund.

The Department anticipates that the Federal Elections Assistance Fund will be depleted by FY 2012-13, at which time the full cost of implementing the Help America Vote Act (\$3.3 million annually) must be transferred to the Department of State Cash Fund. The Department requests to gradually transfer these expenses so as to avoid a large fiscal impact during just one year.

SUMMARY:

- ❑ The Help America Vote Act of 2002 (HAVA) distributed funds to the states for the purpose of improving the administration of federal elections. The Department anticipates that these funds will be depleted by FY 2012-13, at which time the State must assume full fiscal responsibility for administering HAVA's requirements.
- ❑ A sudden transfer of \$3.3 million would increase the expenditures from the Department of State Cash Fund by approximately 18.0 percent. Due to the nature of this Cash Fund, this significant of an increase has the potential to adversely impact the Department's constituents.

DISCUSSION:

Background

HAVA's goal is to improve the administration of federal elections, and it mandated states to: (1) create a centralized, computerized statewide voter registration system; (2) replace punch-card ballots and lever voting machines; (3) ensure accessibility for disabled voters to polling places and voting equipment; and (4) adopt new rules for provisional ballots.

Pursuant to Section 1-1.5-106, C.R.S., the Federal Elections Assistance Fund was created to receive federal and state moneys allocated for HAVA-related purposes. These funds are continuously appropriated to the Department and are not subject to the General Assembly's annual appropriation process [see Section 1-1.5-106 (2) (b), C.R.S.]. To date, the Fund has received approximately \$44,752,318 in federal funds for the implementation of HAVA, and the General Assembly has appropriated an additional \$2.0 million from the Department of State Cash Fund as the State's matching requirements. Through FY 2008-09, the Department earned \$5,393,155 in interest on these funds. Although it is possible that Congress may allocate additional federal funds to states for HAVA purposes, currently this scenario is unlikely.

Table 1: Summary of HAVA Revenue

	Actual			Projected			
	FY 2004-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	Total
Matching State funds ^{1/}	\$1,371,270	\$89,229	\$0	\$77,590	\$0	\$0	\$1,538,089
HAVA Title I funds (Sections 101 & 102)	7,037,396	0	0	0	0	0	7,037,396
HAVA Title II funds	34,545,365	0	1,695,344	1,474,213	0	0	37,714,922
Accessibility grants	436,704	166,562	109,388	170,365	170,365	0	1,053,384
Interest, federal funds	4,280,321	786,267	326,567	150,000	75,000	30,000	5,648,155
Interest, state match	188,690	5,417	1,305	2,300	1,100	0	198,812
Total Revenue	\$47,859,746	\$1,047,475	\$2,132,604	\$1,874,468	\$246,465	\$30,000	\$53,190,758
FY beginning balance	47,859,746	21,054,508	12,696,467	8,191,515	6,546,215	3,437,687	
Annual expenditures	26,805,238	9,405,516	6,637,556	3,519,768	3,354,993	3,331,938	
FY ending balances carried forward	\$21,054,508	\$12,696,467	\$8,191,515	\$6,546,215	\$3,437,687	\$135,749	

1/ Pursuant to Section 1-1.5-106 (3), C.R.S., the Secretary may use moneys from the Department of State Cash Fund to satisfy the required 5.0 percent state fund match.

HAVA Expenditures

HAVA's main requirements, such as the implementation of a statewide computerized voter registration system and the placement of at least one accessible voting system in each polling place, have been achieved. The Department currently employs 11.0 FTE who are paid with HAVA funds to carry out the functions and requirements of HAVA. The positions provide technical and user support to counties such as: (1) how to use the voter registration system; (2) federal funds management; (3) voter outreach and education; (4) polling place accessibility issues; and (5) other activities to improve the administration of federal elections. As reflected in Table 2, it is anticipated that the greatest expense in future years will be \$2.1 million annually to maintain the SCORE system (applications support, operations support, and hardware/software maintenance).

Table 2: Summary of HAVA Expenditures FY 2004 - FY 2012							
	Actual				Projected		
	FY 2003-06 ^{1/}	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Personal services & operating	\$2,140,419	\$868,395	\$841,065	\$941,200	\$941,200	\$941,200	\$988,260
Indirect costs	736	162,304	128,735	144,612	149,000	155,678	155,678
Outreach & education ^{2/}	585,549	138,208	10,651	145,683	172,365	175,365	3,000
Voting system improvements	3,673,647	12,111,998	1,401,009	140,450	175,703	0	0
Voting systems certification	0	98,388	378,852	0	0	0	0
SCORE	1,787,952	5,400,682	6,478,642	5,265,611	2,081,500	2,185,000	2,185,000
Total	\$8,188,303	\$18,779,975	\$9,238,954	\$6,637,556	\$3,519,768	\$3,457,243	\$3,331,938

1/ Please note: This column includes all fiscal years between FY 2003-04 and FY 2005-06.
2/ Includes improving handicapped accessibility to polling places.

Table 3 reflects the history of the HAVA fund balance and illustrates that the Department anticipates it running out of money by FY 2011-12.

Table 3: Summary of HAVA Balance						
	Actual			Projected		
	FY 2004-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Prior FY ending balance		\$21,054,508	\$12,696,467	\$8,191,515	\$6,546,215	\$3,437,687
Annual revenue	47,859,746	1,047,475	2,132,604	1,874,468	246,465	30,000
Total annual fund balance	47,859,746	22,101,983	14,829,071	10,065,983	6,792,680	3,467,687
Annual expenditures	26,805,238	9,405,516	6,637,556	3,519,768	3,354,993	3,331,938
FY ending balance	\$21,054,508	\$12,696,467	\$8,191,515	\$6,546,215	\$3,437,687	\$135,749

Conclusion

The Department is primarily funded by business filing fees that are deposited into the Department of State Cash Fund. Pursuant to Section 24-21-104 (3) (b), C.R.S., these filing fees are to be set so that the revenue generated by the fees approximates the direct and indirect costs of the Department. The Department's FY 2009-10 appropriation was \$20,925,810 cash funds, of which approximately \$17.4

million was from the Department of State Cash Fund. A \$3.3 million increase represents a 19.0 percent increase in appropriations from the Cash Fund. The Department would be required to noticeably increase its fees to cover these new costs. The Department's proposal gradually absorbs HAVA's expenses into the Cash Fund over several years, minimizing the impact on its constituents.

**FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of State**

BRIEFING ISSUE

ISSUE: Outcome of the Election Reform Commission

The Election Reform Commission was created to address the issues that arose during the 2008 election, primarily concerns about the certification of electronic voting equipment. It developed 20 recommendations, but the most significant outcome of the Commission was the passage of H.B. 09-1335.

DISCUSSION:

Background

The 11-member Election Reform Commission was created to study the manner in which state and local elections are conducted, and to recommend changes to the States's election laws. Pursuant to Section 1-1-401 (1), C.R.S., the mission of the Commission is to review, research, and make recommendations to ensure that every eligible citizen has the opportunity to register to vote, to participate in fair and impartial elections, and to have the assurance that his or her vote will count.

The Commission approved 20 recommendations, including six pertaining to registration and the database, 2 recommendations pertaining to technology and auditing, and 12 recommendations pertaining to uniformity and simplicity.² Pursuant to Section 1-1-402 (4), C.R.S., the Commission prepared a final report of its recommendations and presented it to the legislature by March 1, 2009.

Outcome

The most significant outcome of the Commission was the passage of H.B. 09-1335, which implemented the following changes:

- Pursuant to Section 1-5-608.5 (4), C.R.S., the Secretary may rely upon testing already conducted by other jurisdictions and states. This will alleviate many of the concerns that led to the decertification of voting systems during 2008.
- The Secretary is permitted to outsource the testing and certification of voting systems to consultants who have more specialized knowledge and are typically able to complete the job with fewer resources than if the Department performed these tasks in-house.
- Permits counties to continue using their voting systems but sets a goal to move Colorado to an all-paper-ballot system by 2014 (see Section 1-5-623, C.R.S.). As a part of this initiative, any new equipment purchased within the state must be paper-based.

² See Election Reform Commission Final Report, page 2.

**FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of State**

BRIEFING ISSUE

ISSUE: Improvements to the Secretary of State's Electronic Campaign Finance Reporting.

Senate Bill 07-259 required the Department of State to develop and implement improvements to the Secretary's website to improve the public's ability to search, download, and analyze campaign finance information. Between FY 2007-08 and FY 2009-10, the department was appropriated a total of \$1.6 million for this purpose. The issue describes the status of the new campaign finance filing system and its intended benefits.

DISCUSSION:

Pursuant to Section 1-45-109 (5) (d), C.R.S., the Department was directed to modify the website's design and structure to: (1) improve the public's ability to navigate, search, download, and analyze information; (2) enhance search and summary reporting by adding search fields such as zip code, employer, and vendor; (3) implement features to allow the user to download raw data and to enable offline sorting and analyzing; (4) include user-friendly instructions and information to help users know the data available online and to facilitate its access; and (5) compile the data so that the user may compare the total amounts of money raised and/or spent by individual candidates.

Current Status

The enactment of H.B. 09-1357 transferred the filing of campaign finance disclosure reports from county clerks and recorders to the Secretary of State's office. As a result, it delayed the implementation of the new finance system from July, 2009, to January, 2010, to allow time for the modifications as required by H.B. 09-1357. The Department is currently providing training for users prior to the implementation. The Department anticipates that it will revert approximately \$250,000 cash funds from this project.

Benefits

The new system's benefits are to improve the transparency and increase public confidence in the political process. A main goal is to facilitate public searches and provides more comprehensive information with each search. It will also ensure that all deadlines are applied uniformly. For example, it's difficult for all of the clerks, many in rural areas, to remain current on the election laws. This system will automatically provide much of the filing rules for them.

**Fiscal Year 2010-11 Joint Budget Committee Staff Budget Briefing
 Department of State
 APPENDIX A: NUMBERS PAGES**

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Approp	FY 2010-11 Request	Change Requests
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DEPARTMENT OF STATE Secretary of State - Bernie Buescher

Please note: Pursuant to Sections 24-21-104 (3) (b) and 12-55-102.5 (1), C.R.S., cash funds are from the Department of State Cash Fund and the Notary Administration Cash Fund unless otherwise noted.

(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	4,688,050	4,154,280	5,446,807	5,707,163	DI#1,BA#1
FTE	74.0	76.4	89.8	94.0	DI#1,BA#1
Health, Life and Dental - Cash Funds	456,590	530,682	676,089	704,354	DI#1
Short-term Disability - Cash Funds	7,416	7,821	9,146	9,680	DI#1
Amortization Equalization Disbursement - Cash Funds	67,217	95,513	124,504	129,393	DI#1
SAED - Cash Funds	14,098	44,167	77,815	80,531	DI#1
Salary Survey and Senior Executive Service - CF	249,489	209,087	0	0	
Performance-Based Pay Awards - Cash Funds	98,697	97,117	0	0	

Fiscal Year 2010-11 Joint Budget Committee Staff Budget Briefing

Department of State

APPENDIX A: NUMBERS PAGES

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	Change
	Actual	Actual	Approp	Request	Requests
Workers' Compensation - Cash Funds	4,862	6,201	6,368	6,013	DI#1
Operating Expenses - Cash Funds	625,556	715,163	830,766	807,328	DI#1,BA#1
Legal Services - Cash Funds	<u>341,431</u>	<u>299,156</u>	<u>536,555</u>	<u>536,555</u>	
<i>Hours Equivalent</i>	4,740	3,983	7,118	7,118	
Administrative Law Judge Services - Cash Funds	143,601	79,216	50,289	52,289	
Purchase of Services from Computer Center - Cash Funds	31,218	44,341	44,341	44,341	
Multiuse Network Payments - Cash Funds	550,747	569,609	569,609	569,609	
Payments to Risk Management and Property Funds - CF	17,674	23,303	24,546	22,999	DI#1
Vehicle Lease Payments - Cash Funds	2,714	2,714	2,819	2,819	
Leased Space - Cash Funds	597,230	629,680	639,747	639,747	
Indirect Cost Assessment - Cash Funds	165,717	99,305	89,807	89,807	
Discretionary Fund - Cash Funds	5,000	5,000	5,000	5,000	

Fiscal Year 2010-11 Joint Budget Committee Staff Budget Briefing
Department of State
APPENDIX A: NUMBERS PAGES

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	Change
	Actual	Actual	Approp	Request	Requests
Address Confidentiality Program (ACP Cash Fund)	65,000	78,215	78,215	120,277	BA#1
FTE	1.0	1.0	1.0	1.5	BA#1
TOTAL - ADMINISTRATION	8,132,307	7,690,570	9,134,208	9,407,628	
FTE	<u>75.0</u>	<u>77.4</u>	<u>90.8</u>	<u>95.5</u>	DI#1
Cash Funds	8,067,307	7,612,355	9,134,208	9,407,628	DI#1
FTE	74.0	76.4	89.8	94.0	DI#1
Address Confidentiality Program Surcharge Cash Fund	65,000	78,215	78,215	120,277	BA#1
FTE	1.0	1.0	1.0	1.5	BA#1

(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	9,238,954	6,637,556	2,356,286	2,912,003	
FTE	<u>9.5</u>	<u>9.5</u>	<u>10.0</u>	<u>6.0</u>	DI#1
Cash Funds (Federal Elections Assistance Fund) a/	0	6,637,556	2,356,286	2,912,003	DI#1
FTE	0.0	9.5	10.0	6.0	
Cash Funds Exempt / Reappropriated Funds a/	9,238,954	0	0	0	
FTE	9.5	0.0	0.0	0.0	
Federal Elections Assistance Fund - Cash Funds	89,229	0	100,000	0	
Local Election Reimbursement - Cash Funds	914	2,042,250	1,725,699	1,725,699	

Fiscal Year 2010-11 Joint Budget Committee Staff Budget Briefing
Department of State
APPENDIX A: NUMBERS PAGES

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Approp	FY 2010-11 Request	Change Requests
Initiative and Referendum - Cash Funds	50,000	301,007	50,000	200,000	
TOTAL - SPECIAL PURPOSE	9,379,097	8,980,813	4,231,985	4,837,702	
FTE	<u>9.5</u>	<u>9.5</u>	<u>10.0</u>	<u>6.0</u>	
Cash Funds	140,143	8,980,813	4,231,985	4,837,702	
FTE	0.0	0.0	0.0	0.0	
Cash Funds - Federal Elections Assistance Fund a/	0	6,637,556	2,356,286	2,912,003	DI#1
FTE	0.0	9.5	10.0	6.0	DI#1
Cash Funds Exempt / Reappropriated Funds	9,238,954	0	0	0	
FTE	9.5	0.0	0.0	0.0	

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

(3) Information Technology Services

Primary Functions: Provides IT support to the Department, including support for all online filings and functions; implements the State of Colorado Registration and Elections system.

(A) Information Technology

Personal Services	2,877,270	3,658,766	3,412,659	3,140,628	
FTE	<u>25.2</u>	<u>25.1</u>	<u>31.1</u>	<u>31.1</u>	DI#1
Cash Funds	2,877,270	3,658,766	3,412,659	3,140,628	DI#1
Operating Expenses - Cash Funds	457,076	325,923	474,310	401,362	DI#1
Hardware/Software Maintenance - Cash Funds	540,884	852,919	878,230	878,230	

Fiscal Year 2010-11 Joint Budget Committee Staff Budget Briefing
Department of State
APPENDIX A: NUMBERS PAGES

	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Approp	FY 2010-11 Request	Change Requests
Information Technology Asset Management - Cash Funds	427,009	21,245	445,418	445,418	
(3) Information Technology Services					
Subtotal - (A) Information Technology	4,302,239	4,858,853	5,210,617	4,865,638	
FTE	<u>25.2</u>	<u>25.1</u>	<u>31.1</u>	<u>31.1</u>	
Cash Funds	4,302,239	4,858,853	5,210,617	4,865,638	
(B) Statewide Disaster Recovery Center					
Personal Services	173,939	110,104	120,387	120,387	
FTE	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	
Cash Funds	173,939	110,104	120,387	120,387	
Operating - Cash Funds	73,882	193,800	246,050	246,050	
Hardware/Software Maintenance - Cash Funds	47,000	56,536	47,000	47,000	
Leased Space- Cash Funds	1,749,000	1,718,845	1,857,348	1,913,076	
(3) Information Technology Services					
Subtotal - (B) Statewide Disaster Recovery Center	2,043,821	2,079,285	2,270,785	2,326,513	
FTE	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	
Cash Funds	2,043,821	2,079,285	2,270,785	2,326,513	

Fiscal Year 2010-11 Joint Budget Committee Staff Budget Briefing
Department of State
APPENDIX A: NUMBERS PAGES

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	Change
	Actual	Actual	Approp	Request	Requests
TOTAL - INFORMATION TECHNOLOGY SERVICES	6,346,060	6,938,138	7,481,402	7,192,151	
FTE	<u>27.2</u>	<u>27.1</u>	<u>33.1</u>	<u>33.1</u>	
Cash Funds	6,346,060	6,938,138	7,481,402	7,192,151	
DEPARTMENT OF STATE TOTALS	23,857,464	23,609,521	20,925,810	21,557,758	
FTE	<u>111.7</u>	<u>114.0</u>	<u>133.9</u>	<u>134.6</u>	
Cash Funds	14,618,510	23,609,521	20,925,810	21,557,758	
Cash Funds Exempt / Reappropriated Funds	9,238,954	0	0	0	
FTE	9.5	0.0	0.0	0.0	

**FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of State**

APPENDIX B: SUMMARY OF MAJOR LEGISLATION

- ❑ **S.B. 09-087 (Carroll M./Peniston): Accountability Requirements for Special Districts.** Requires the Department of Local Affairs to post information about special district audits and the budget process on its website, and to provide certified special district election results to the Secretary of State. Requires the Department of State to post the certified results on its website. Appropriates \$7,005 cash funds from the Department of State Cash Fund to the elections division to scan the data and post the information on the Department's website.
- ❑ **S.B. 09-208 (Tapia/Pommer): Augmentation of the General Fund.** Transfers \$2,175,000 from the Department of State Cash Fund, and \$575,000 from the Notary Administration Cash Fund, to the General Fund for FY 2008-09.
- ❑ **H.B. 09-1015 (Murray/Hodge): Conduct of Primary Elections.** Allows counties to conduct mail ballot elections for primary elections specifies the process for doing so. Permits County Clerks to cancel uncontested primary elections under certain conditions. Appropriates \$23,625 cash funds to modify the State of Colorado Registration and Elections system to generate mailing lists of certain voters.
- ❑ **H.B. 09-1160 (Miklosi/Bacon): Online Voter Registration:** Requires the Secretary of State to establish an online system by which a person may register to vote, change his or her residence on the registration record, change his or her political affiliation, or apply for a permanent mail-in ballot status. Imposes a deadline of April 1, 2010, for the Department to implement the online system. Appropriates \$120,299 cash funds to the Department for the implementation of this act, of which \$98,750 shall be used to modify the statewide voter registration database and \$21,549 shall be reappropriated to the Department of Revenue to modify the driver's license system to transfer additional signatures.
- ❑ **H.B. 09-1248 (Gerou/Shaffer B.): Business Entities Regulation.** Makes several technical and substantive changes to the filing and record keeping operations of the Business division in the Department of State. Eliminates the requirement that the Department mail a notice of delinquency in certain instances. Requires a one-time expenditure of \$17,760 cash funds to modify the Department's information technology systems, and reduces the Department's postage and printing costs by \$35,103 per year.

- ❑ **H.B. 09-1326 (Carroll T./Shaffer B.): Integrity of Citizen-initiated Petition Process.** Changes the initiative petition process by redefining an "amendment" and a "proposition". Increases regulation of the petition circulation process and increases the fine for violating associated laws. Appropriates \$92,400 cash funds to modify the statewide voter registration system, \$10,000 cash funds to develop a web-based training program for petition circulators, and \$2,000 cash funds for administrative law judge services.

- ❑ **H.B. 09-1357 (Vigil/Schwartz): Campaign Finance Report Filings.** Requires certain candidates and committees to file campaign finance reports with the Department of State, rather than with county clerks. Eliminates the requirement that the Department reimburse county clerks for certain costs related to processing campaign finance reports. Appropriates \$206,053 cash funds and 4.3 FTE for FY 2009-10.

**FY 2010-11 Joint Budget Committee Staff Budget Briefing
Department of State**

**APPENDIX C: UPDATE OF FY 2009-10
LONG BILL FOOTNOTES AND REQUESTS FOR INFORMATION**

Long Bill Footnotes

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

Requests for Information

- 1 Department of State, Administration, Personal Services** -- The Department of State is requested to provide to the Joint Budget Committee by November 1, 2009, as part of the Department's annual budget request, a breakdown of how FTE and funds are distributed throughout the Administration Division.

Comment: The Department did not submit this information with its budget request. Staff recommends that the Committee request the Department to provide it at the Department's hearing on November 17, 2009.

- 2 Department of State, Administration, Address Confidentiality Program** -- The Department of State is requested to provide to the Joint Budget Committee by November 1, 2009, an annual budget report for the Address Confidentiality Program. The report should reflect monthly expenditures, the number of participants served, and the number of pieces of participants' mail processed monthly.

The Department did not provide an official response with its budget request. The Department did provide certain information about the program, but it did not separate the participant vs. program mail. Furthermore, the Department was unable to differentiate between those postage costs generated by participant mail and those costs generated by the Department mailing numerous packets of information throughout the State.

- 3 Department of State, Information Technology Services, Information Technology** -- The Department is requested to provide to the Joint Budget Committee by November 1, 2009, 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's annual budget request.

Comment: The Department did not submit this information with its budget request. Staff recommends that the Committee request the Department to provide the information at the Department's hearing on November 17, 2009.