

**COLORADO GENERAL ASSEMBLY  
JOINT BUDGET COMMITTEE**



**SUPPLEMENTAL REQUESTS FOR FY 2013-14**

**DEPARTMENT OF STATE**

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

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## DEPARTMENT OF STATE

### Department Overview

The Department of State is responsible for the following activities: (1) administering statutory provisions related to elections; (2) collecting, maintaining, and providing public access to filings by business and nonprofit entities, such as annual reports, articles of incorporation, and liens; (3) registering lobbyists and monitoring the filing of required disclosure reports; (4) regulating charitable gaming laws; (5) regulating notaries public and enforcing related laws; (6) implementing the provisions of the federal Help America Vote Act (HAVA); (7) administering the initiative and referendum process, including signature verification; and (8) managing the statewide computerized voter registration database.

### Summary: FY 2013-14 Appropriation and Recommendation

| <b>Department of State: Recommended Changes for FY 2013-14</b> |                        |                         |                       |                                 |                          |              |
|--|------------------------|-------------------------|-----------------------|---------------------------------|--------------------------|--------------|
|  | <b>Total<br/>Funds</b> | <b>General<br/>Fund</b> | <b>Cash<br/>Funds</b> | <b>Reappropriated<br/>Funds</b> | <b>Federal<br/>Funds</b> | <b>FTE</b>   |
| <b>FY 2013-14 Appropriation</b>                                |                        |                         |                       |                                 |                          |              |
| SB 13-230 (Long Bill)  | \$21,372,884           | \$0                     | \$21,372,884          | \$0                             | \$0                      | 135.0        |
| Other Legislation  | <u>1,535,333</u>       | <u>0</u>                | <u>1,535,333</u>      | <u>0</u>                        | <u>0</u>                 | <u>4.0</u>   |
| <b>Current FY 2013-14 Appropriation</b>                        | <b>\$22,908,217</b>    | <b>\$0</b>              | <b>\$22,908,217</b>   | <b>\$0</b>                      | <b>\$0</b>               | <b>139.0</b> |
| <b>Recommended Changes</b>                                     |                        |                         |                       |                                 |                          |              |
| Current FY 2013-14 Appropriation                               | \$22,908,217           | 0                       | \$22,908,217          | 0                               | 0                        | 139.0        |
| S1 - IT division expenses for HB-1303                          | 0                      | 0                       | 0                     | 0                               | 0                        | 0.0          |
| S2 - Local election reimbursements                             | 0                      | 0                       | 0                     | 0                               | 0                        | 0.0          |
| S3 - Election administration improvement project               | 50,000                 | 0                       | 50,000                | 0                               | 0                        | 0.0          |
| 1331 - Election night reporting                                | <u>448,644</u>         | <u>0</u>                | <u>448,644</u>        | <u>0</u>                        | <u>0</u>                 | <u>0.0</u>   |
| <b>Recommended FY 2013-14 Appropriation</b>                    | <b>\$23,406,861</b>    | <b>0</b>                | <b>\$23,406,861</b>   | <b>0</b>                        | <b>0</b>                 | <b>139.0</b> |
| <b>Recommended Increase/(Decrease)</b>                         | \$498,644              | \$0                     | \$498,644             | \$0                             | \$0                      | 0.0          |
| Percentage Change  | 2.2%                   | 0.0%                    | 2.2%                  | 0.0%                            | 0.0%                     | 0.0%         |
| <b>FY 2013-14 Executive Request</b>                            | <b>\$23,406,861</b>    | <b>\$0</b>              | <b>\$23,406,861</b>   | <b>\$0</b>                      | <b>\$0</b>               | <b>139.0</b> |
| Request Above/(Below) Recommendation                           | \$0                    | \$0                     | \$0                   | \$0                             | \$0                      | 0.0          |

## Request/Recommendation Descriptions

**S1 - IT division expenses for HB-1303:** The request amount is to be determined and was submitted as a *placeholder* supplemental request. The recommendation is pending.

**S2 - Local election reimbursements:** The request is a budget-neutral request which includes a transfer of \$500,000 cash funds spending authority from the IT Division personal services line item to the Elections Division local election reimbursement line item. The recommendation is to approve the Department's request.

**S3 - Election administration improvement project:** The request is for \$50,000 additional cash funds spending authority. The recommendation is \$50,000 cash funds.

**1331 - Election night reporting:** This is a previously approved interim supplemental request for \$448,644 cash funds. The recommendation is \$448,644 cash funds.

## Prioritized Supplemental Requests

### SUPPLEMENTAL REQUEST, DEPARTMENT PRIORITY #1 IT DIVISION EXPENSES FOR HB-1303

|              | Request             | Recommendation      |
|--------------|---------------------|---------------------|
| <b>Total</b> | <b><u>\$TBD</u></b> | <b><u>\$TBD</u></b> |
| FTE          | 0.0                 | 0.0                 |
| Cash Funds   | TBD                 | TBD                 |

|   |            |
|---|------------|
| <b>Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?</b><br>[An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.] | <b>YES</b> |
| JBC staff and the Department agree that this request is the result of data that was not available when the original appropriation was made.   |            |

**Department Request:** The Department requests additional cash funds spending authority for IT Division expenses for information technology-related improvements related to the implementation of H.B. 13-1303. The amount is to be determined and the Department expects to have amounts determined at the end of January or early February.

**Staff Recommendation:** Staff's recommendation is pending request amount information from the Department.

**Request Background:** The Department's request generally involves the development of an electronic pollbook and security for the electronic pollbook. An electronic pollbook refers to the system or process of verifying voter eligibility and tracking election activity of registered voters

through network-connected, real-time access to a state voter registration list. Based on a recommendation from the information technology subcommittee of the HB13-1303 commission, the Department is proceeding with an internally-developed project to create a secure web-based application for use in local voter service and polling centers (VSPCs). The Department is working with the Office of Information Security in the Governor’s Office of Information Technology to identify and put in place more effective controls, systems, and policies for VSPCs. Some of the areas under consideration are implementation of more sophisticated cybersecurity systems (e.g., web application firewalls, advanced persistent threat prevention systems, endpoint malware detection systems), expanded use of the multi-factor authentication system already in use for full-time county elections staff to temporary election workers, and more effective policies and controls governing use and access to state voter registration systems.

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**SUPPLEMENTAL REQUEST, DEPARTMENT PRIORITY #2**  
**LOCAL ELECTION REIMBURSEMENT**

|              | Request | Recommendation    |                   |
|--------------|---------|-------------------|-------------------|
| <b>Total</b> |         | <b><u>\$0</u></b> | <b><u>\$0</u></b> |
| FTE          |         | 0.0               | 0.0               |
| Cash Funds   |         | 0                 | 0                 |

| Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?<br>[An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.] | YES |
|--|-----|
| JBC staff and the Department agree that this request is the result of a technical error in calculating the appropriation.  |     |

**Department Request:** The Department requests a budget-neutral transfer of \$500,000 cash funds spending authority from the IT Division personal services line item to the Elections Division local election reimbursement line item.

**Staff Recommendation:** Staff recommends that the Committee approve the Department's request.

**Staff Analysis:** The Department is projecting total transfer payments to counties for its local election reimbursement line item for the current fiscal year at \$2.46 million. The current appropriation is \$2.0 million for FY 2013-14. The Department proposes moving \$500,000 spending authority from its IT Division personal services line item in order to maintain budget neutrality for this request. The IT Division personal services line item is currently appropriated \$6.96 million and is projected to expend \$4.34 million for FY 2013-14. The Department's request is in line with staff's briefing analysis which projected a need of at least \$2.4 million for this line item and unused spending authority appears to be available as requested by the Department.

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**SUPPLEMENTAL REQUEST, DEPARTMENT PRIORITY #3  
ELECTION ADMINISTRATION IMPROVEMENT PROJECT**

|              | Request                | Recommendation         |
|--------------|------------------------|------------------------|
| <b>Total</b> | <b><u>\$50,000</u></b> | <b><u>\$50,000</u></b> |
| FTE          | 0.0                    | 0.0                    |
| Cash Funds   | 50,000                 | 50,000                 |

|   |            |
|---|------------|
| <b>Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?</b><br>[An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.] | <b>YES</b> |
| JBC staff and the Department agree that this request is the result of data that was not available when the original appropriation was made.   |            |

**Department Request:** The Department requests an additional \$50,000 cash funds spending authority for the Elections Division operating expenses line item. The cash funds source is a grant from the PEW Foundation Center on the States.

**Staff Recommendation:** Staff recommends that the Committee approve an additional \$50,000 cash funds spending authority.

**Staff Analysis:** The Department has been awarded a grant from the PEW Foundation Center on the States related to the Department's ongoing efforts in improving elections administration. The final dollar amount has not been determined but is expected to be between \$25,000 and \$50,000. The Department is requesting spending authority for any grant funds received.

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## Non-prioritized Supplemental Requests

### PREVIOUSLY APPROVED SUPPLEMENTAL REQUEST, 1331 – ELECTION NIGHT REPORTING

|              | Request                 | Recommendation          |
|--------------|-------------------------|-------------------------|
| <b>Total</b> | <b><u>\$448,644</u></b> | <b><u>\$448,644</u></b> |
| FTE          | 0.0                     | 0.0                     |
| Cash Funds   | 448,644                 | 448,644                 |

|   |            |
|---|------------|
| <b>Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?</b><br>[An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.] | <b>YES</b> |
| JBC staff and the Department agree that this request is the result of a technical error in calculating the original appropriation.  |            |

**Summary:** The Committee approved this supplemental in September 2013 when the Department requested an additional \$448,644 cash funds spending authority from the Department of State Cash Fund. The request reflects an acceleration of payments to be made in the current fiscal year which were originally requested and approved as out-year payments. The contract with the vendor specified payment of the entire balance in the current fiscal year.

The rules governing interim supplementals in Section 24-75-111 (5), C.R.S., require the Committee to introduce all interim supplementals that it approves. Staff will include this supplemental in the Department's supplemental bill.

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**JBC Staff Supplemental Recommendations - FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

**Appendix A: Number Pages**

|  | FY 2012-13<br>Actual | FY 2013-14<br>Appropriation | FY 2013-14<br>Requested Change | FY 2013-14<br>Rec'd Change | FY 2013-14 Total<br>W/ Rec'd Change |
|--|----------------------|-----------------------------|--------------------------------|----------------------------|-------------------------------------|
|--|----------------------|-----------------------------|--------------------------------|----------------------------|-------------------------------------|

**DEPARTMENT OF STATE**  
**Scott Gessler, Secretary of State**

**S1 - IT division HB-1303 expenses**

**(2) INFORMATION TECHNOLOGY**

**(A) Information Technology**

|  |                    |                    |                   |                    |
|--|--------------------|--------------------|-------------------|--------------------|
| Personal Services                                  | <u>4,259,246</u>   | <u>6,956,730</u>   | <u>0</u>          | <u>6,956,730</u>   |
| FTE  | 32.1               | 36.0               | 0.0               | 36.0               |
| Cash Funds   | 4,259,246          | 6,956,730          | 0                 | 6,956,730          |
| Operating Expenses                                 | <u>468,747</u>     | <u>610,815</u>     | <u>0</u>          | <u>610,815</u>     |
| Cash Funds   | 468,747            | 610,815            | 0                 | 610,815            |
| Hardware/Software Maintenance                      | <u>1,433,895</u>   | <u>1,569,370</u>   | <u>0</u>          | <u>1,569,370</u>   |
| Cash Funds   | 1,433,895          | 1,569,370          | 0                 | 1,569,370          |
| Information Technology Asset Management            | <u>372,460</u>     | <u>605,683</u>     | <u>0</u>          | <u>605,683</u>     |
| Cash Funds   | 372,460            | 605,683            | 0                 | 605,683            |
| <b>Total for S1 - IT division HB-1303 expenses</b> | <b>6,534,348</b>   | <b>9,742,598</b>   | <b>0</b>          | <b>9,742,598</b>   |
| <b>FTE</b>   | <b><u>32.1</u></b> | <b><u>36.0</u></b> | <b><u>0.0</u></b> | <b><u>36.0</u></b> |
| <b>Cash Funds</b>                                  | <b>6,534,348</b>   | <b>9,742,598</b>   | <b>0</b>          | <b>9,742,598</b>   |



**JBC Staff Supplemental Recommendations - FY 2013-14**  
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|   | FY 2012-13<br>Actual | FY 2013-14<br>Appropriation | FY 2013-14<br>Requested Change | FY 2013-14<br>Rec'd Change | FY 2013-14 Total<br>W/ Rec'd Change |
|---|----------------------|-----------------------------|--------------------------------|----------------------------|-------------------------------------|
| <b>S2 - Local election reimbursements</b>           |                      |                             |                                |                            |                                     |
| <b>(2) INFORMATION TECHNOLOGY</b>                   |                      |                             |                                |                            |                                     |
| <b>(A) Information Technology</b>                   |                      |                             |                                |                            |                                     |
| Personal Services                                   | 4,259,246            | 6,956,730                   | (500,000)                      |                            | 6,456,730                           |
| FTE   | 32.1                 | 36.0                        | 0.0                            |                            | 36.0                                |
| Cash Funds  | 4,259,246            | 6,956,730                   | (500,000)                      |                            | 6,456,730                           |
| <b>(3) ELECTIONS DIVISION</b>                       |                      |                             |                                |                            |                                     |
| Local Election Reimbursement                        | <u>2,226,707</u>     | <u>2,004,036</u>            | <u>500,000</u>                 |                            | <u>2,504,036</u>                    |
| Cash Funds  | 2,226,707            | 2,004,036                   | 500,000                        |                            | 2,504,036                           |
| <b>Total for S2 - Local election reimbursements</b> | 6,485,953            | 8,960,766                   | 0                              |                            | 8,960,766                           |
| <b>FTE</b>  | <u>32.1</u>          | <u>36.0</u>                 | <u>0.0</u>                     |                            | <u>36.0</u>                         |
| Cash Funds  | 6,485,953            | 8,960,766                   | 0                              |                            | 8,960,766                           |

*JBC Staff Supplemental Recommendations - FY 2013-14*  
*Staff Working Document - Does Not Represent Committee Decision*

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|  | FY 2012-13<br>Actual | FY 2013-14<br>Appropriation | FY 2013-14<br>Requested Change | FY 2013-14<br>Rec'd Change | FY 2013-14 Total<br>W/ Rec'd Change |
|--|----------------------|-----------------------------|--------------------------------|----------------------------|-------------------------------------|
|--|----------------------|-----------------------------|--------------------------------|----------------------------|-------------------------------------|

**S3 - Election administration Improvement Project**

**(3) ELECTIONS DIVISION**

|                    |          |                |               |                |
|--------------------|----------|----------------|---------------|----------------|
| Operating Expenses | <u>0</u> | <u>263,258</u> | <u>50,000</u> | <u>313,258</u> |
| Cash Funds         | 0        | 263,258        | 50,000        | 313,258        |

|   |            |            |            |            |
|---|------------|------------|------------|------------|
| <b>Total for S3 - Election administration<br/>Improvement Project</b> | 0          | 263,258    | 50,000     | 313,258    |
| <i>FTE</i>  | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> |
| Cash Funds  | 0          | 263,258    | 50,000     | 313,258    |

**JBC Staff Supplemental Recommendations - FY 2013-14**  
**Staff Working Document - Does Not Represent Committee Decision**

|  | FY 2012-13<br>Actual | FY 2013-14<br>Appropriation | FY 2013-14<br>Requested Change | FY 2013-14<br>Rec'd Change | FY 2013-14 Total<br>W/ Rec'd Change |
|--|----------------------|-----------------------------|--------------------------------|----------------------------|-------------------------------------|
|--|----------------------|-----------------------------|--------------------------------|----------------------------|-------------------------------------|

**S4 1331 - Election night reporting**

**(2) INFORMATION TECHNOLOGY**

**(A) Information Technology**

|   |                  |                  |                |                  |
|---|------------------|------------------|----------------|------------------|
| Personal Services                       | <u>4,259,246</u> | <u>6,956,730</u> | <u>111,144</u> | <u>7,067,874</u> |
| FTE                                     | 32.1             | 36.0             | 0.0            | 36.0             |
| Cash Funds                              | 4,259,246        | 6,956,730        | 111,144        | 7,067,874        |
| Information Technology Asset Management | <u>372,460</u>   | <u>605,683</u>   | <u>337,500</u> | <u>943,183</u>   |
| Cash Funds                              | 372,460          | 605,683          | 337,500        | 943,183          |

|   |           |           |         |           |
|---|-----------|-----------|---------|-----------|
| <b>Total for S4 1331 - Election night reporting</b> | 4,631,706 | 7,562,413 | 448,644 | 8,011,057 |
| FTE   | 32.1      | 36.0      | 0.0     | 36.0      |
| Cash Funds  | 4,631,706 | 7,562,413 | 448,644 | 8,011,057 |

|   |            |            |         |            |
|---|------------|------------|---------|------------|
| <b>Totals Excluding Pending Items</b>         |            |            |         |            |
| <b>STATE</b>                                  |            |            |         |            |
| <b>TOTALS for ALL Departmental line items</b> | 19,777,842 | 22,908,217 | 498,644 | 23,406,861 |
| FTE   | 111.7      | 139.0      | 0.0     | 139.0      |
| Cash Funds                                    | 19,777,842 | 22,908,217 | 498,644 | 23,406,861 |