

**COLORADO GENERAL ASSEMBLY
JOINT BUDGET COMMITTEE**



FY 2010-11 STAFF FIGURE SETTING

DEPARTMENT OF STATE

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

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

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	Actual	Actual	Approp	Request	Recomm.	Requests

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	5,427,847	s/	5,707,163	5,509,485	DI#1, BA#1, #2
FTE	74.0	76.4	89.5	s/	94.0	94.0	DI#1,BA#1
Health, Life and Dental - Cash Funds	456,590	530,682	676,089		704,354	Pending	DI#1
Short-term Disability - Cash Funds	7,416	7,821	9,146		9,680	10,625	DI#1
Amortization Equalization Disbursement - Cash Funds	67,217	95,513	124,504		129,393	164,523	DI#1
SAED - Cash Funds	14,098	44,167	77,815		80,531	119,965	DI#1
Salary Survey and Senior Executive Service - CF	249,489	209,087	0		0	0	
Performance-Based Pay Awards - Cash Funds	98,697	97,117	0		0	0	

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	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change Requests
	Actual	Actual	Approp	Request	Recomm.	
Workers' Compensation - Cash Funds	4,862	6,201	6,278 s/	6,013	Pending	DI#1
Operating Expenses - Cash Funds	625,556	715,163	816,024 s/	807,328	802,385	DI#1,BA#1
Legal Services - Cash Funds	<u>341,431</u>	<u>299,156</u>	<u>536,555</u>	<u>536,555</u>	<u>Pending</u>	
<i>Hours Equivalent</i>	<u>4,740</u>	<u>3,983</u>	<u>7,118</u>	<u>7,118</u>	<u>7,118</u>	
Administrative Law Judge Services - Cash Funds	143,601	79,216	50,289	52,289	Pending	
Purchase of Services from Computer Center - Cash Funds	31,218	44,341	42,366 s/	44,341	Pending	
Multiuse Network Payments - Cash Funds	550,747	569,609	569,609	569,609	Pending	
Payments to Risk Management and Property Funds - CF	17,674	23,303	22,734 s/	22,999	Pending	DI#1
Vehicle Lease Payments - Cash Funds	2,714	2,714	2,819	2,819	Pending	
Leased Space - Cash Funds	597,230	629,680	639,747	639,747	639,747	
Indirect Cost Assessment - Cash Funds	165,717	99,305	89,807	89,807	Pending	
Discretionary Fund - Cash Funds	5,000	5,000	5,000	5,000	5,000	

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	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change
	Actual	Actual	Approp	Request	Recomm.	Requests
Address Confidentiality Program (ACP Cash Fund)1/ FTE	65,000 1.0	78,215 1.0	99,246 s/ 1.3 s/	120,277 1.5	117,546 1.5	BA#1 BA#1
TOTAL - ADMINISTRATION	8,132,307	7,690,570	9,096,629	9,527,905	7,486,822	
FTE	<u>75.0</u>	<u>77.4</u>	<u>90.8</u>	<u>95.5</u>	<u>95.5</u>	DI#1, BA#1
Cash Funds	8,067,307	7,612,355	9,096,629	9,407,628	7,369,276	DI#1
FTE	74.0	76.4	89.5	94.0	94.0	DI#1
Address Confidentiality Program Surcharge Cash Fund	65,000	78,215	99,246	120,277	117,546	BA#1
FTE	1.0	1.0	1.3	1.5	1.5	BA#1

1/ Pursuant to Section 21-21-214 (4) (a), C.R.S., the Address Confidentiality Program is funded by the Address Confidentiality Program Surcharge Fund.

(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	2,912,003	
FTE	<u>9.5</u>	<u>9.5</u>	<u>10.0</u>	<u>6.0</u>	<u>6.0</u>	DI#1
Cash Funds (Federal Elections Assistance Fund) a/	0	6,637,556	2,356,286	2,912,003	2,912,003	DI#1
FTE	0.0	9.5	10.0	6.0	6.0	
Cash Funds Exempt / Reappropriated Funds a/	9,238,954	0	0	0	0	
FTE	9.5	0.0	0.0	0.0	0.0	
Federal Elections Assistance Fund - Cash Funds	89,229	0	100,000	0	0	
Local Election Reimbursement - Cash Funds	914	2,042,250	1,725,699	1,725,699	1,721,475	

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	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change
	Actual	Actual	Approp	Request	Recomm.	Requests
Initiative and Referendum - Cash Funds	50,000	301,007	50,000	200,000	250,000	
TOTAL - SPECIAL PURPOSE	9,379,097	8,980,813	4,231,985	4,837,702	4,883,478	
FTE	<u>9.5</u>	<u>9.5</u>	<u>10.0</u>	<u>6.0</u>	<u>6.0</u>	
Cash Funds	140,143	8,980,813	4,231,985	4,837,702	1,971,475	
FTE	0.0	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	2,912,003	DI#1
FTE	0.0	9.5	10.0	6.0	6.0	DI#1
Cash Funds Exempt / Reappropriated Funds	9,238,954	0	0	0	0	
FTE	9.5	0.0	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	2,966,913	
FTE	<u>25.2</u>	<u>25.1</u>	<u>31.1</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	2,966,913	DI#1, BA#2
Operating Expenses - Cash Funds	457,076	325,923	474,310	478,486	476,362	DI#1
Hardware/Software Maintenance - Cash Funds	540,884	852,919	878,230	878,230	878,230	

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	FY 2007-08 Actual	FY 2008-09 Actual	FY 2009-10 Approp	FY 2010-11		Change Requests
				Request	Recomm.	
Information Technology Asset Management - Cash Funds	427,009	21,245	445,418	445,418	445,418	
(3) Information Technology Services						
Subtotal - (A) Information Technology	4,302,239	4,858,853	5,210,617	4,942,762	4,766,923	
FTE	<u>25.2</u>	<u>25.1</u>	<u>31.1</u>	<u>31.1</u>	<u>31.1</u>	
Cash Funds	4,302,239	4,858,853	5,210,617	4,942,762	4,766,923	
(B) Statewide Disaster Recovery Center						
Personal Services	173,939	110,104	120,387	120,387	115,402	
FTE	<u>2.0</u>	<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	115,402	BA #2
Operating - Cash Funds	73,882	193,800	246,050	246,050	246,050	
Hardware/Software Maintenance - Cash Funds	47,000	56,536	47,000	47,000	47,000	
Leased Space- Cash Funds	1,749,000	1,718,845	1,857,348	1,913,076	1,913,076	55,728
(3) Information Technology Services						
Subtotal - (B) Statewide Disaster Recovery Center	2,043,821	2,079,285	2,270,785	2,326,513	2,321,528	
FTE	<u>2.0</u>	<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	2,321,528	

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	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11		Change
	Actual	Actual	Approp	Request	Recomm.	Requests
TOTAL - INFORMATION TECHNOLOGY SERVICES	6,346,060	6,938,138	7,481,402	7,269,275	7,088,451	
FTE	<u>27.2</u>	<u>27.1</u>	<u>33.1</u>	<u>33.1</u>	<u>33.1</u>	
Cash Funds	6,346,060	6,938,138	7,481,402	7,269,275	7,088,451	
DEPARTMENT OF STATE TOTALS	23,857,464	23,609,521	20,909,262	21,634,882	16,546,748	
FTE	<u>111.7</u>	<u>114.0</u>	<u>133.9</u>	<u>134.6</u>	<u>134.6</u>	
Cash Funds	14,618,510	23,609,521	20,909,262	21,634,882	16,546,748	
Cash Funds Exempt / Reappropriated Funds	9,238,954	0	0	0	0	
FTE	9.5	0.0	0.0	0.0	0.0	

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Summary of Significant Staff Recommendations in This Packet		
Recommended Changes from FY 2009-10 Appropriation:		
Description	Cash Funds¹	FTE
Help America Vote Act (informational only)	455,717	0.0
Initiative and Referendum	100,000	0.0
Address Confidentiality Program (annualize supplemental)	21,031	0.2
Campaign Finance Filing (H.B. 09-1357)	1,018	0.7
2.5 Percent PERA Reduction	(323,069)	0.0
Annualize Online Voter Registration (H.B. 09-1160)	(120,299)	0.0
Citizen-initiated Petition Process (H.B. 09-1326)	(99,400)	0.0
Annualize Accounting System Funds	(75,000)	0.0
Annualize Campaign Finance Filing (S.B. 07-259)	(63,968)	(1.0)
Annualize Colorado Information Security Act funds	(60,244)	0.0
Annualize Funds for Mail Ballot Elections (H.B. 09-1015)	(23,625)	0.0
Technical Changes for Business Filings (H.B. 09-1248)	(17,760)	0.0
Total	(\$205,599)	(0.1)

¹ The Department is primarily funded by the Department of State Cash Fund (see Section 24-21-104, C.R.S.). The FY 2009-10 appropriation also includes approximately \$2.5 million from the Federal Elections Assistance Fund for HAVA-related purposes [see Section 1-1.5-106 (1) (a), C.R.S.], approximately \$493,537 from the Notary Administration Cash Fund [see Section 12-55-102.5 (1), C.R.S], and approximately \$99,246 from the Address Confidentiality Program Surcharge Fund [see Section 24-21-214 (4) (a), C.R.S.].

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(1) ADMINISTRATION

Administration

- The Administration section provides general management supervision, including finance and human resources, for the Business, Elections, and Licensing divisions within the Department.
- 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, trade names 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 of State is required to charge fees for its business filings, which comprise the majority of the Department's cash fund revenue.²

Licensing Division

- Implements the Administrative Rules Code, a body of statutes that govern rule-making.
- Regulates bingo and raffles.³
- Regulates charities and fraudulent charitable solicitations.
- Regulating notaries public pursuant to Sections 12-55-101 through 211, C.R.S.

Elections Division

- Supervises primary and general elections.
- Performs official recounts for federal, state, and district elections.
- Conducts the voting systems certification program.
- Provides training and other support for county election officials.
- Regulates lobbyists pursuant to Sections 24-6-301 through 309, C.R.S.

Address Confidentiality Program (ACP)

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

² Pursuant to Section 24-21-104, C.R.S.

³ See Article XVIII, Section 2 of the State Constitution

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Administration Division Staffing Summary				
Division	FY 2008-09 Actual	FY 2009-10 Approp	FY 2010-11 Request	FY 2010-11 Recomm.
Administration	11.5	13.5	13.5	13.5
Business Filings	30.0	30.0	30.0	30.0
Licensing	17.2	21.0	21.0	21.0
Elections	18.7	24.8	28.8	28.8
ACP	<u>1.0</u>	<u>1.3</u>	<u>1.5</u>	<u>1.5</u>
Total	78.4	90.6	94.8	94.8

Administration Division Staffing Detail				
Division / Position	FY 2008-09 Actual	FY 2009-10 Approp	FY 2010-11 Request	FY 2010-11 Recomm.
Administration				
Accountant / Accounting Technician	3.0	3.0	3.0	3.0
Administrative / Program Assistant	2.0	4.0	4.0	4.0
Budget & Policy Analyst III & IV	0.5	0.5	0.5	0.5
Controller II	1.0	1.0	1.0	1.0
Deputy Secretary of State	1.0	1.0	1.0	1.0
Management / HR Director	2.0	2.0	2.0	2.0
Public Information Officer	1.0	1.0	1.0	1.0
Secretary of State	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>
Subtotal	11.5	13.5	13.5	13.5
Business				
Analyst	1.0	1.0	1.0	1.0
Call Center / Help Desk	10.0	10.0	10.0	10.0
Document Processing	6.5	6.5	6.5	6.5

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Administration Division Staffing Detail				
Division / Position	FY 2008-09 Actual	FY 2009-10 Approp	FY 2010-11 Request	FY 2010-11 Recomm.
Legal	7.0	7.0	7.0	7.0
Management	3.0	3.0	3.0	3.0
State Services Trainee IV	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>	<u>2.5</u>
Subtotal	30.0	30.0	30.0	30.0
Elections				
Administrative Assistant II & III	3.9	3.0	3.0	3.0
Deputy Division Director	1.0	1.0	1.0	1.0
Division Director	0.3	1.0	1.0	1.0
Legal	1.5	3.5	3.5	3.5
Program Coordinator / Specialist	6.0	7.0	7.0	7.0
State Services Trainee IV / Tech 1	1.0	4.3	4.3	4.3
Voter Database Manager	1.0	1.0	1.0	1.0
Voting Equipment Certification	4.0	4.0	4.0	4.0
Help America Vote Act	<u>0.0</u>	<u>0.0</u>	<u>4.0</u>	<u>4.0</u>
Subtotal	18.7	24.8	28.8	28.8
Bingo / Raffle/ Charitable / Licensing/ Notary/ ACP				
Administrative Assistant II & III	3.8	6.0	6.0	6.0
Compliance Investigator I & II	5.2	6.0	6.0	6.0
Deputy Division Director	1.0	1.0	1.0	1.0
Division Director	1.0	1.0	1.0	1.0
Program Assistant / Coordinator	<u>7.2</u>	<u>8.3</u>	<u>8.5</u>	<u>8.5</u>
Subtotal	18.2	22.3	22.5	22.5
Total	78.4	90.6	94.8	94.8

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CHANGE REQUEST #1 - REFINANCE HELP AMERICA VOTE ACT

Department Request: The Department requests to transfer the fund source for \$442,990 and 5.0 FTE from the Federal Elections Assistance Fund to the Department of State Cash Fund.⁴ It also requests to transfer these funds from the Special Purpose section of the Long Bill to the Administration and Information Technology Services sections. Since the Department's request is to transfer funds and FTE from one section of the Long Bill to another, it has a net impact of \$0.

Staff Recommendation: Staff recommends transferring the majority of the request, \$389,635, from the Federal Elections Assistance Fund to the Department of State Cash Fund. Staff does not recommend reflecting additional cash funds for the personal services benefits, because according to the Long Bill letternotes, the HAVA-related expenditures are already incorporated in these line items. Therefore, the total appropriation for these purposes would not change.

Request to Transfer HAVA Expenditures from Federal Elections Assistance Fund to the Department of State Cash Fund				
Long Bill line item	Request		Recommendation	
	Amount	FTE	Amount	FTE
(1) Administration				
Personal Services	\$290,078	4.0	\$290,078	4.0
Health, Life, Dental	28,265	0.0	0	0.0
AED	4,889	0.0	0	0.0
SAED	2,716	0.0	0	0.0
Short-term Disability	534	0.0	0	0.0
Operating	16,952	0.0	0	0.0
(2) Special Purpose				
Help America Vote Act	(442,990)	(5.0)	(442,990)	(5.0)

⁴ The Federal Elections Assistance Fund was created pursuant to Section 1-1.5-106, C.R.S., and the Department of State Cash Fund was created pursuant to Section 24-21-104 (3) (b), C.R.S.

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Request to Transfer HAVA Expenditures from Federal Elections Assistance Fund to the Department of State Cash Fund				
Long Bill line item	Request		Recommendation	
	Amount	FTE	Amount	FTE
(3) Information Technology				
Personal Services	95,381	1.0	95,381	1.0
Operating	4,175	0.0	4,176	0.0
Total	\$0	0.0	(\$53,355)	0.0

Background: The federal Help America Vote Act of 2002 (HAVA) was established to improve the administration of federal elections at the state level. Beginning in 2003, the federal government distributed funds for this purpose, and Colorado set up the Federal Elections Assistance Fund to receive these moneys (see Section 1-1.5-106, C.R.S.). These funds are classified as "cash funds" for the purposes of the Long Bill, but according to statute they are continuously appropriated to the Department for HAVA-related activities.

Since 2003, The State has received a total of \$44.7 million for the implementation of HAVA. The majority of the funds were used to replace voting system equipment for the counties and to develop and implement the statewide computerized voter database. Both of these projects have been completed, and the Department estimates that in future years will require a total of \$3.3 million to fulfill HAVA-related requirements.

Analysis: HAVA requirements are federally mandated, so the General Assembly must identify a fund source once the Federal Elections Assistance Fund is depleted. The Department of State Cash Fund currently supports the Elections division within the Department. It is reasonable to assume that in the absence of General Fund, that this is the most appropriate fund source once the HAVA funds are exhausted.

If the entire cost of the entire HAVA program is transferred to the Department of State Cash Fund during the same fiscal year, the Department's appropriation would increase by 14.0 percent within one fiscal year. Pursuant to Section 24-21-104 (3) (b), C.R.S., the Department is to adjust its fees to that the revenue generated from the fees approximates its direct and indirect costs. If the Department's appropriation fluctuates significantly from year to year, the filing fees must be adjusted accordingly. The business community is negatively impacted when it is unable to anticipate its annual filing costs. **Staff recommends the Department's**

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request because it will allow the Department to maintain a more consistent appropriation, thus minimizing the likelihood that the transfer of HAVA expenditures will cause the Department's business filing fees to be adjusted.

Personal Services

The Department requests an appropriation of \$5,707,163 cash funds and 94.0 FTE for the Personal Services line item. **Staff recommends an appropriation of \$5,509,485 cash funds and 94.0 FTE.** The following table outlines how staff calculated the FY 2010-11 recommendation. The difference between the department's request and staff's recommendation is because the Department's November request did not include the 2.5 percent PERA reduction.

Summary of Recommendation: Personal Services FY 2010-11		
Item	Amount	FTE
FY 2009-10 Long Bill appropriation	\$5,260,415	85.5
Campaign Finance (H.B. 09-1357)	179,387	4.3
Special District Elections (S.B. 09-187)	7,005	0.0
Supplemental to transfer funds to ACP program	(18,960)	(0.3)
Final FY 2009-10 Appropriation	\$5,427,847	89.5
DI#1 - Refinance HAVA expenses	290,078	4.0
Annualize Campaign Finance (H.B. 09-1357)	27,158	0.7
2.5 percent PERA reduction	(216,638)	0.0
Annualize transfer of funds to ACP program	(18,960)	(0.2)
FY 2010-11 Recommendation	\$5,509,485	94.0
1/ Staff exempted \$916,265 for contract services prior to applying the base reduction, because contract services are not eligible for vacancy savings.		

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Health, Life, and Dental

This line item funds the employer's contribution for health, life, and dental benefits for State employees. The Department requests a total of \$704,354 cash funds for this line item, which includes an additional \$28,265 for employees who would be transferred to the Department of State Cash Fund from the Federal Elections Assistance Fund. As discussed earlier in this document, staff believes that these funds are already included in this line item. Therefore, staff does not recommend additional funds related to the transfer. **Staff's recommendation is pending the Committee's decision for health, life, and dental common policies. Staff requests permission to apply the policy once it has been determined.**

Short-term Disability

This line item funds state employees' short-term disability insurance premiums. **The Department requests continuation funding of \$9,146, plus an additional \$534 related to the refinancing of HAVA employees** from the Federal Elections Assistance Fund to the Department of State Cash Fund. As discussed earlier in this document, staff believes that these funds are already included in this line item. Therefore, staff does not recommend additional funds related to the refinancing of HAVA activities. **Staff recommends an appropriation of \$10,625** cash funds for the Short-term Disability line item, pursuant to Committee-approved common policy.

Amortization Equalization Disbursement

Pursuant to Section 24-51-411 (3.2), C.R.S., this line provides additional funds to increase the employer's contribution for the Public Employee Retirement Association (PERA). The funds are calculated based on a percentage that increases by 0.4 percent each calendar year through 2012, when the percentage reaches the maximum amount of 3.0 percent. Pursuant to Committee common policy, staff recommends calculating the AED at 2.2 percent for calendar year 2010, and at 2.6 percent for calendar year 2011. The Department requests a total of \$129,393 cash funds for FY 2010-11, which includes an increase of \$4,889 for the refinancing of HAVA expenses to the Department of State cash fund. **Staff recommends an appropriation of \$164,523 cash funds** for Amortization Equalization Disbursement, pursuant to Committee-approved common policy.

Supplemental Amortization Equalization Disbursement

Pursuant to Section 24-51-411 (3.2), C.R.S., this line provides additional funds for the Public Employee Retirement Association. The SAED is calculated based on a percentage that increases by on 0.5 percent annually through 2013, when it will cap at 3.0 percent. The Department's request did not recalculate the prior year's appropriation according to the updated percentages of 1.5 percent for calendar year 2010, and 2.0 percent for calendar year 2011. **Staff recommends an appropriation of \$119,965 cash funds for Supplemental Amortization Equalization Disbursement** line item, pursuant to Committee-approved common policy.

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Salary Survey and Senior Executive Service

Pursuant to statewide common policy, the Department did not request any salary survey for FY 2010-11. **Staff recommends \$0 for salary survey for FY 2010-11.**

Performance-Based Pay Awards

In accordance with statewide common policy, the Department did not request any performance-based pay awards for FY 2010-11. **Staff recommends \$0 for performance-based pay awards for FY 2010-11.**

Workers' Compensation

This line item funds the Department's share of the statewide costs for Workers' Compensation insurance. The Department requests an appropriation of \$6,103 cash funds, which is comprised of the FY 2009-10 Long Bill appropriation that was decreased by \$265 to reflect a common policy reduction. **Staff recommendation is pending committee approval of a common policy for Workers' Compensation.** Staff requests permission to apply common policy once it has been determined.

Operating Expenses

The Department requests \$807,328 cash funds for the Operating Expenses line item. **Staff recommends \$802,385 cash funds for the operating expenses line item.** The Department's request differs from staff's recommendation because the Department's November request did not include the statewide budget reductions that were submitted as a part of the Governor's August and January budget balancing packages. It also incorrectly annualized the Address Confidentiality Program's interim supplemental request. The specific components of staff's recommendation are included in the following table.

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FY 2010-11 Recommendation: Operating Expenses	
Item	Amount
FY 2009-10 Long Bill	\$821,443
Campaign finance filing modifications (H.B. 09-1357)	26,666
Business entities regulation changes (H.B. 09-1248)	(17,343)
Mail equipment supplemental adjustment	(5,181)
ACP interim supplemental (transfer)	(238)
Final FY 2009-10 Appropriation	\$825,347
DI#1 - Refinance HAVA expenses to DOS Cash Fund	16,952
Annualize campaign finance filing (H.B. 09-1357)	(21,916)
Annualize business entities regulation (H.B. 09-1248)	(17,760)
Annualize ACP interim supplemental (transfer)	(238)
FY 2010-11 Recommendation	\$802,385

Legal Services

This line item funds the purchase of legal services from the Department of Law. The Department's request is for \$536,555, which is a continuation level of funding from the FY 2009-10 Long Bill. reflects a continuation level of funding. **Staff recommends approving the request for funding sufficient to purchase 7,118 hours of services. The dollar amount of staff's recommendation is pending the determination of the hourly rate for legal services.** This amount represents continuation funding from the FY 2009-10 Long Bill.

Administrative Law Judge Services

The Department requests \$50,289 cash funds for administrative law judge services, which is a continuation amount from the FY 2009-10 Long Bill. Staff's recommendaiton is **pending Committee approval of a common policy for this line item**, and staff requests permission to apply this policy once it has been determined.

Purchase of Services from Computer Center

This line item funds the Department's share of statewide computer services provided by the Governor's Office of Information Technology. The Department requests an appropriation of \$44,341 cash funds for FY 2010-11, which is a continuation level of funding from the FY 2009-10 Long Bill. Staff recommendation is **pending Committee approval of a statewide common policy**

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for Purchases of Services from the Computer Center. Staff requests permission to apply the common policy once it has been determined.

Multiuse Network Payments

The Department requests \$569,609 cash funds for Multiuse Network Payments. **Staff recommendation is pending Committee approval of a common policy.** Staff requests permission to apply common policy once it has been determined.

Payment to Risk Management and Property Funds

The Department requests an appropriation of \$22,999 cash funds for this line item. **Staff recommendation is pending Committee approval of a common policy for Payment to Management and Property Funds.** Staff requests permission to apply common policy once it has been determined.

Vehicle Lease Payments

The Department requests an appropriation of \$2,819 cash funds for Vehicle Lease Payments. **Staff recommendation is pending Committee approval of a common policy for Vehicle Lease Payments.** Staff requests permission to apply common policy once it has been determined.

Leased Space

The Department requests an appropriation of \$639,747 cash funds for the Leased Space line item for FY 2010-11. This amount is a continuation funding amount from FY 2009-10. The Department leases space from a non-State entity, and the amount is determined by its contract. **Staff recommends a \$639,747 cash funds appropriation for the Leased Space line item.**

Indirect Cost Assessment

The Committee had not approved the Statewide Indirect Cost Recovery Plan at the time that this document was completed, and therefore **staff's recommendation is pending Committee approval of a statewide common policy.** For informational purposes only, if the Committee approves the amount recommended in the Statewide Indirect Cost Recovery Plan, the Department's appropriation would be \$148,003 for the Indirect Cost Assessment line item.

Discretionary Fund

In accordance with Section 24-9-105 (d), C.R.S., the Secretary of State may receive an appropriation of \$5,000 per year for "expenditure in pursuance of official business as each elected official sees fit". **The Department requests, and staff recommends, a \$5,000 cash funds appropriation for the Discretionary Fund line item.**

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Address Confidentiality Program

The Address Confidentiality Program (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 (see Section 24-21-104, C.R.S.). The program was created with its own fund source, a \$28 surcharge levied on offenders who are convicted of certain crimes such as domestic violence or stalking.

The program has experienced growth since its inception during FY 2007-08, and the Committee approved a FY 2009-10 interim supplemental request for \$21,031 cash funds and 0.3 FTE. The additional funds are primarily to fund postage costs associated with an increased amount of participant mail. This supplemental included a budget amendment for an additional \$21,031 and 0.2 FTE, so that the total FY 2010-11 request was for \$120,277 and 1.5 FTE. However, after applying the 2.5 percent PERA reduction, the request is adjusted downward to \$117,546. **Staff recommends \$117,546 cash funds and 1.5 FTE for FY 2010-11, to be funded by the Address Confidentiality Program Surcharge Fund.**

(2) SPECIAL PURPOSE

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

Help America Vote Act (HAVA)

Congress passed the Help America Vote Act (HAVA) in 2002, for the purpose of improving the administration of federal elections. In 2003, the Colorado General Assembly passed the "Colorado Help America Vote Act, which included creating the Federal Elections Assistance Fund to receive federal and state moneys appropriated for HAVA-related purposes (see Section 1-1.5-106, C.R.S.).

Pursuant to Section 1-1.5-106 (2), C.R.S., moneys in the Federal Elections Assistance Fund may be used only for HAVA-specified purposes and are continuously appropriated to the Department for the administration, implementation, and enforcement of HAVA. The HAVA line item appropriation is a projection and included for informational purposes only. The funds have been used to improve the administration of federal elections by: (1) replacing outdated voting technology; (2) improving voter education; (3) improving accessibility for disabled voters; and (4) instituting a statewide computerized voter registration system.

This line item is continuously appropriated and included in the Long Bill for informational purposes only. The appropriation fluctuates from year to year, at Department's discretion. **The Department**

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requests, and staff recommends, an informational appropriation of \$2,912,003 and 6.0 FTE for the Help America Vote Act line item.

Local Election Reimbursement

Section 1-5-505.5, C.R.S., requires the Secretary of State to reimburse counties for a portion of the costs related to having a statewide issue on the ballot. Counties with fewer than 10,000 active registered voters are reimbursed at a rate of \$0.80 per active registered voter, and counties with more than 10,000 active registered voters are reimbursed at a rate of \$0.70 per each of these voters. This is the only State reimbursement to the counties for election costs. **The Department requests an appropriation of \$1,725,699 cash funds for FY 2010-11**, which is a continuation level of funding from FY 2009-10. **Staff recommends an appropriation of \$1,721,475 cash funds for FY 2010-11.** The difference between the Department's request and staff's recommendation is due to the annualization of H.B. 09-1357, which was not included in the Department's request. This legislation generated an additional cost savings of \$4,224 for FY 2010-11 by eliminating the requirement that counties be reimbursed \$2.00 per candidate, per election, to defray the cost to process campaign finance reports.

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. Expenditures are primarily driven by the number of initiatives received during a given year, and they fluctuate because for odd-year elections, only TABOR-related initiatives are permitted on the November ballot. Typically, the Department receives at the most one initiative petition for an odd-year ballot. For even-year elections (general elections), there are no restrictions on the types of initiatives, which is why the expenditures are significantly greater during these years.

Most petitions are submitted with approximately 80,000 - 100,000 signatures, and by statute the Secretary has only 30 days to verify the signatures (Section 1-40-116, C.R.S.). In order to achieve this, the Department hires temporary workers, which can cost as much as \$50,000 per petition. Pursuant to Section 1-40-116 (4), C.R.S., the Department may check a 5.0 percent random sample of signatures, and if this sample demonstrates that the petition has the required number of valid signatures, it is not required to verify every signature. The uncertainty about whether or not it will be necessary to verify every signature also contributes to the challenges in predicting this line item's expenditures.

Historically, this line item's appropriation has been \$50,000 cash funds for odd-year elections and \$200,000 cash funds for even-year elections. The number of initiative petitions submitted for signature verification have increased over recent years, and the Department requested (and the

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Committee approved) supplemental appropriations of \$145,000 cash funds for FY 2008-09, and \$100,000 cash funds for FY 2009-10. Staff recommends improving the Long Bill's transparency by adjusting the base appropriations to better reflect the changing elections environment. **Staff recommends increasing the base appropriation by \$50,000, and therefore recommends an appropriation of \$250,000 cash funds for FY 2010-11.** This amount is less than the amount requested for supplemental appropriations because the Department reports that it has recently begun using the Department of Personnel and Administration's Division of Central Services to verify signatures, which improves its efficiency and will lead to cost savings.

(3) INFORMATION TECHNOLOGY (IT) SERVICES

(A) Information Technology Services

The Information Technology Services section provides technical services and support for the Department. It maintains the Department's data center and website, and supports many of the Business division's online activities.

Personal Services

The Department requests a \$3,264,716 cash funds appropriation and 32.1 FTE for the Information Technology, Personal Services line item. **Staff recommends an appropriation of \$2,966,913 cash funds and 31.1 FTE** for the Information Technology, Personal Services line item. Staff's calculations are reflected in the table below, followed by the division's staffing summary. The main difference between the Department's request and staff's recommendation is due to the 2.5 percent PERA adjustment for personal services line items. This reduction is intended as a statewide budget amendment for FY 2010-11. However, the Department submitted the request as a FY 2009-10 supplemental appropriation. Staff did not apply the Department's requested reduction for FY 2009-10 because it requires a change to current statute, and the associated legislation (S.B. 10-146) would not become effective until FY 2010-11.

The other source for a difference is that staff annualized S.B. 07-259, which provided personal services dollars to finance modifications for the Department of State's online campaign finance filing system. This was a two-year project, and staff's interpretation of the legislation and fiscal note are that the associated personal services costs are no longer required. The Department should be able to incorporate the maintenance of any such changes as a part of maintaining the campaign filing system as a whole.

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FY 2010-11 Recommendation: Information Technology, Personal Services		
Item	Amount	FTE
FY 2009-10 Long Bill	\$3,164,335	31.1
Online voter registration system (H.B. 09-1160)	120,299	0.0
Changes to initiative process (H.B. 09-1326)	104,400	0.0
Adjust SCORE for mail ballot elections (H.B. 09-1015)	23,625	0.0
Total FY 2009-10 Appropriation	\$3,412,659	31.1
DI #1 - Refinance HAVA expenses to DOS Cash Fund	95,381	1.0
Annualize for costs of online voter registration system (H.B. 09-1160)	(120,299)	0.0
Annualize one-time costs for changes to initiative process (H.B. 09-1326)	(101,400)	0.0
2.5 percent PERA reduction	(98,715)	
Annualize funds for accounting system contract	(75,000)	0.0
Annualize modifications to campaign finance filing system (S.B. 07-259)	(61,844)	(1.0)
Annualize Colorado Information Security Act funds	(60,244)	0.0
Annualize for one-time SCORE modifications (H.B. 09-1015)	<u>(23,625)</u>	<u>0.0</u>
Total FY 2010-11 Recommendation	\$2,966,913	31.1

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Information Technology Staffing Summary				
Position	FY 2008-09 Actual	FY 2009-10 Approp	FY 2010-11 Request	FY 2010-11 Recomm.
Deputy & Chief Information Officer	2.0	2.0	2.0	2.0
Chief Security Officer	1.0	1.0	1.0	1.0
Database Specialist	3.0	5.0	6.0	6.0
Programmer	9.1	10.0	10.0	9.0
JAVA Administrator	2.0	2.0	2.0	2.0
Operations	3.0	3.0	3.0	3.0
Security Specialist	2.0	2.0	2.0	2.0
System Administrator / Supervisor	<u>3.0</u>	<u>6.1</u>	<u>6.1</u>	<u>6.1</u>
Total	25.1	31.1	32.1	31.1

Operating Expenses

The Department requests an appropriation of \$478,486 cash funds for the Information Technology, Operating Expenses line item. **Staff recommends an appropriation of \$476,362 cash funds.** This amount reflects the transfer of the information technology-related functions associated with the Help America Vote Act to the Information Technology Services division. Staff's recommendation differs from the Department's request because the Department did not incorporate the annualization of S.B. 07-259.

FY 2010-11 Recommendation: Information Technology - Operating Expenses	
Item	Amount
FY 2009-10 Long Bill	\$474,310
DI #1 - Refinance HAVA expenses to DOS Cash Fund	4,176
Annualize campaign finance filing changes (S.B. 07-259)	(2,124)
Total FY 2010-11 Recommendation	\$476,362

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Hardware/Software Maintenance

This line item funds hardware and software maintenance contracts and repairs as well as software purchases. The appropriation differs from the Information Technology Asset Management line item because computer equipment is not purchased with these moneys. **The Department requests, and staff recommends, an appropriation of \$878,230 cash funds** for the Hardware/Software Maintenance line item. This is a continuation level of funding from the FY 2009-10 Long Bill.

Information Technology Asset Management

This line item 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. **The Department requests, and staff recommends, an appropriation of \$445,418 cash funds** for this line item. This is a continuation level of funding from the FY 2009-10.

(B) Statewide Disaster Recovery Facility

Personal Services

The Department requests \$115,402 cash funds and 2.0 FTE for the Disaster Recovery Facility's Personal Services line item. **Staff recommends an appropriation of \$115,402 cash funds and 2.0 FTE for FY 2010-11.** This amount is based on a continuation level of funding, and includes the 2.5 percent reduction for the PERA adjustment.

Operating Expenses

The Department requests, and staff recommends, an appropriation of \$246,050 cash funds for the Disaster Recovery Facility's operating expenses. This amount is a continuation level of funding from FY 2009-10.

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 from FY 2009-10. These expenses have remained relatively consistent since at least FY 2007-08.

Leased Space

The Department requests \$1,913,076 cash funds for the disaster recovery facility's Leased Space line item. This is an increase of \$55,728 from the FY 2009-10 appropriation, as per a contractual agreement with ViaWest. **Staff recommends a \$1,913,076 cash funds appropriation for the Leased Space line item.**

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Requests for Information

Staff recommends that the following requests be **amended and continued**:

(1) Department of State, Administration, Personal Services -- The Department of State is requested to provide to the Joint Budget Committee by November 1, ~~2009~~, 2010, AS PART OF THE DEPARTMENT'S ANNUAL BUDGET REQUEST, A BREAKDOWN OF HOW FTE AND FUNDS ARE DISTRIBUTED AMONGST THE SECTIONS WITHIN THE ADMINISTRATION DIVISION.

(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~~, 2010, 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.

Staff recommends that the following request be **discontinued**:

(3) Department of State, Information Technology Services, Information Technology, Personal Services -- The Department of State is requested to provide to the Joint Budget Committee by November 1, ~~2008~~, 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 AND ITS COSTS. The requested information should be submitted as part of the Department of State's annual budget request.