

Secretary of State: The Honorable Jan Brewer

JLBC Analyst: Jake Corey

	FY 2003 Actual	FY 2004 Estimate	FY 2005 Approved
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	38.3	40.3	40.3 ^{1/}
Personal Services	1,156,500	1,356,700	1,388,200
Employee Related Expenditures	283,700	309,800	311,100
Professional and Outside Services	56,300	104,200	69,200
Travel - In State	7,900	10,900	10,900
Travel - Out of State	3,100	8,800	8,800
Other Operating Expenditures	352,900	314,600	314,600
Equipment	66,300	30,700	0
OPERATING SUBTOTAL	1,926,700	2,135,700	2,102,800
SPECIAL LINE ITEMS			
Election Services	3,462,700	2,308,600	3,628,500
Help America Vote Act	0	800,000	28,400,000
AGENCY TOTAL	5,389,400	5,244,300^{2/}	34,131,300^{3/4/}

FUND SOURCES

General Fund	5,389,400	5,244,300	7,131,300
<u>Other Appropriated Funds</u>			
Election Systems Improvement Fund	0	0	27,000,000
SUBTOTAL - Other Appropriated Funds	0	0	27,000,000
SUBTOTAL - Appropriated Funds	5,389,400	5,244,300	34,131,300
<u>Other Non-Appropriated Funds</u>			
Other Non-Appropriated Funds	50,800	136,200	136,200
Federal Funds	0	22,018,800	0
TOTAL - ALL SOURCES	5,440,200	27,399,300	34,267,500

AGENCY DESCRIPTION — The Secretary of State is an elected Constitutional Officer. The Department of State is responsible for recordings and filings under the Uniform Commercial Code (U.C.C.); coordinating statewide elections; receiving required filings from legislators, state officials, judges, candidates for office, campaign committees, and lobbyists; training county elections officials; receiving filings of administrative rules, intergovernmental agency agreements, and official executive orders/proclamations; registering trade names, trademarks and limited partnerships; appointing notaries public; and certifying certain telemarketing and charitable solicitation organizations.

	FY 2003 Appropriation	FY 2003 Actual	FY 2004 Appropriation	FY 2005 Appropriation
PERFORMANCE MEASURES				
• % of documents returned to public filer in 48 hours (Business Services Division)	95	95	97	97
• % of election law complaints reviewed and acted upon within 7 days	100	100	100	100
• Administration as a % of total cost	0	12.0	3.1	10.0
• Customer satisfaction rating for county election officials (Scale 1-8)	6.0	8.0	6.5	8.0

Comments: The FY 2003 Appropriation for “Administration as a % of total cost” was based on an agency estimate. Previously the agency did not categorize any expenditure as administrative.

^{1/} Includes 8 FTE Positions funded from Special Line Items in FY 2005.

^{2/} Laws 2003, Chapter 277 appropriated \$57,000 to publish the Arizona Blue Book and the annotated election statute books.

^{3/} The Secretary of State shall report to the Joint Legislative Budget Committee by December 31, 2004 the actual amount and purpose of expenditures from the Election Systems Improvement Fund in FY 2004 and the expected amounts and purpose of expenditures from the fund for FY 2005 and FY 2006. (General Appropriation Act footnote)

^{4/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget provides \$2,102,800 from the General Fund for the operating budget in FY 2005. This amount includes:

- An increase for statewide salary and other adjustments. *(Please see the Statewide Adjustments section at the end of this Appropriations Report for details.)*
- A \$(35,000) decrease to eliminate one-time FY 2004 supplemental funding for the Arizona Blue Book.
- A \$(30,700) decrease to eliminate one-time equipment funding.

Special Line Items

Election Services

The budget provides \$3,628,500 from the General Fund for Election Services in FY 2005. This amount includes:

- An increase for statewide salary and other adjustments.
- A one-time \$2,833,800 increase to finance the 2004 state elections.
- A \$(1,500,000) decrease to eliminate funding for the 2004 Presidential Preference Primary.
- A \$(22,000) decrease to eliminate one-time FY 2004 supplemental funding to publish the annotated election statute books.

The Election Services Special Line Item funds functions related to the conduction of elections in the state, including voter registration, certification of candidates for state office, testing and certification of voting devices for use by counties, and certification of the results of statewide elections. Funding is also used to publish the publicity pamphlet on state ballot propositions and conduct Town Hall meetings on the propositions. Finally, funding is used to register lobbyists and accept their filings.

For state elections, statute requires the Secretary of State to: 1) reimburse the counties for the costs of printing, labeling, and postage for sample ballots; 2) pay the cost of any recount of votes; 3) reimburse the County Recorder for the costs of certifying petition and referendum signatures; and 4) print and mail a publicity pamphlet to every household with a registered voter for any initiative or referendum.

This line item includes 8 General Fund FTE Positions.

Help America Vote Act

The budget provides \$28,400,000 for the Help America Vote Act (HAVA) (P.L. 107-252) in FY 2005. This amount consists of \$1,400,000 from the General Fund and \$27,000,000 from the Election Systems Improvement Fund.

Appropriation of HAVA Monies

The budget includes an Election Systems Improvement Fund increase of \$27,000,000 to appropriate federal monies received by the fund. A.R.S. § 41-129 allocates any federal HAVA funding received in FY 2003 or FY 2004 to the Secretary of State, but stipulates that funding received in subsequent fiscal years is subject to legislative appropriation. The FY 2004 federal HAVA payment to Arizona is estimated to be \$15,000,000. The \$27,000,000 FY 2005 figure, therefore, represents an actual increase in funding of \$12,000,000 over FY 2004.

HAVA State Match

The budget includes a General Fund increase of \$600,000 to provide the required level of state monies to receive federal HAVA funding. In order to receive the federal payments, HAVA requires the states to provide 5% in matching funds. The FY 2005 state match would be calculated as follows:

$$\begin{aligned} &(\text{Federal Payment} + \text{State Match}) * 5\% = \text{State Match} \\ &(\$27,000,000 + \$1,400,000) * 5\% = \$1,400,000 \end{aligned}$$

HAVA is federal election reform legislation that imposes several requirements on the states with respect to the conduct of federal elections. The legislation also provides funding to the states to meet the requirements. Funding is provided through an initial grant as well as annual payments from FY 2004 through FY 2006.

The grant is to be used to replace all punch card and lever voting machines and to improve election administration. The annual payments are to be used to meet the requirements of HAVA, including implementation of a statewide voter registration database and a voting system that meets federal standards. In order to meet federal standards, the voting system must allow the voter to verify the vote before the ballot is cast, provide the voter with the opportunity to change the ballot, and notify the voter if he or she has selected more than one candidate. In addition, the system must be accessible to individuals with disabilities.

Additional Legislation

Election Systems Funding; Budget Reconciliation

The Election Systems Funding Budget Reconciliation Bill (Laws 2004, Chapter 287) amends A.R.S. § 41-129 to avoid having to double appropriate General Fund monies appropriated to the Election Systems Improvement Fund.

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