

Secretary of State: The Honorable Jan Brewer

JLBC Analyst: Jake Corey

	FY 2004 Actual	FY 2005 Estimate	FY 2006 Approved
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	40.3	40.3	42.3 ^{1/}
Personal Services	1,130,000	1,267,400	1,333,800
Employee Related Expenditures	283,500	325,600	386,500
Professional and Outside Services	45,300	80,400	80,400
Travel - In State	5,700	10,900	10,900
Travel - Out of State	4,700	8,800	8,800
Other Operating Expenditures	371,000	424,600	452,900
Equipment	12,400	0	0
OPERATING SUBTOTAL	1,852,600	2,117,700	2,273,300
SPECIAL LINE ITEMS			
Election Services	2,023,400	3,632,200	798,900
Help America Vote Act	800,000	28,400,000	40,000,000
AGENCY TOTAL	4,676,000	34,149,900	43,072,200^{2/3/}

FUND SOURCES

General Fund	4,676,000	7,149,900	3,072,200
<u>Other Appropriated Funds</u>			
Election Systems Improvement Fund	0	27,000,000	40,000,000
SUBTOTAL - Other Appropriated Funds	0	27,000,000	40,000,000
SUBTOTAL - Appropriated Funds	4,676,000	34,149,900	43,072,200
<u>Other Non-Appropriated Funds</u>			
Other Non-Appropriated Funds	97,900	175,000	175,000
Federal Funds	3,756,400	0	0
TOTAL - ALL SOURCES	8,530,300	34,324,900	43,247,200

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.

PERFORMANCE MEASURES	FY 2003	FY 2004	FY 2006
	Actual	Actual	Approved
• % of documents returned to public filer in 48 hours (Business Services Division)	70	75	85
• % of election law complaints reviewed and acted on within 7 days	100	100	100

Operating Budget

The budget provides \$2,273,300 from the General Fund for the operating budget in FY 2006.

The approved amount includes an increase of \$64,500 from the General Fund in FY 2006 for statewide adjustments. (Please see the Statewide Adjustments section at the end of this Appropriations Report for details.)

^{1/} Includes 8 FTE Positions funded from Special Line Items in FY 2006.

^{2/} The Secretary of State shall report to the Joint Legislative Budget Committee and the Governor's Office of Strategic Planning and Budgeting by December 31, 2005 the actual amount and purpose of expenditures from the Election Systems Improvement Fund in FY 2005 and the expected amounts and purpose of expenditures from the fund for FY 2006 and FY 2007. (General Appropriation Act footnote)

^{3/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Business Services Positions

The approved amount includes an increase of \$61,100 and 2 FTE Positions from the General Fund in FY 2006 for additional staff to address increasing trademark and trade name registration applications and renewal requests. Currently, the response time for applications and renewals is between 4 to 5 weeks. With the additional staff, the Secretary of State estimates it will be able to respond within 2 weeks.

Printing Costs

The approved amount includes an increase of \$30,000 from the General Fund in FY 2006 to help offset the costs associated with public records requests. Statute caps the amount the Secretary of State's office may charge to process a public records request to 10¢ per page. This amount does not cover the full cost of processing these requests. Additional funding is being provided, therefore, in lieu of a fee increase.

Special Line Items

Election Services

The budget provides \$798,900 and 8 FTE Positions from the General Fund for Election Services in FY 2006.

The approved amount includes an increase of \$500 from the General Fund in FY 2006 for statewide adjustments.

State Elections

The approved amount includes a one-time decrease of \$(2,833,800) from the General Fund in FY 2006 to eliminate funding for the 2004 state primary and general elections. The funding will need to be restored in FY 2007 for the 2006 state primary and general elections.

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.

Help America Vote Act

The budget provides \$40,000,000 for the Help America Vote Act (HAVA) (P.L. 107-252) in FY 2006. This

amount consists of \$40,000,000 from the Election Systems Improvement Fund and no funding from the General Fund.

Increased HAVA Appropriation

The approved amount includes an increase of \$13,000,000 from the Election Systems Improvement Fund in FY 2006 to appropriate a total of \$40,000,000 for HAVA, which is equal to expected FY 2006 expenditures. This fund includes both state and Federal Funds.

The Secretary of State was appropriated \$27,000,000 from the Election Systems Improvement Fund in FY 2005 for HAVA. The Secretary of State, however, estimates actual FY 2005 expenditures from the fund will be \$8,420,000. The \$40,000,000 FY 2006 figure, therefore, represents an actual increase in expenditures of \$31,580,000 over FY 2005.

Eliminate HAVA Match

The approved amount includes a decrease of \$(1,400,000) from the General Fund in FY 2006 to eliminate the HAVA state match. The state match will not be required as no federal HAVA monies are expected to be allocated to the state in FY 2006.

In order to receive federal funding, HAVA has required states to provide 5% in matching funds. Though the HAVA legislation authorizes Congress to appropriate funding to the states in each year from FY 2004 to FY 2006, the federal government is not expected to include any HAVA monies for the states in its FY 2006 budget.

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. To date Arizona has received a total of \$47,567,300 in HAVA funding, which includes \$7,018,800 in grants and \$40,584,500 in annual payments.

Arizona HAVA grant monies are being used to replace all punch card and lever voting machines and to improve election administration. Arizona HAVA annual payments monies are being 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.