

Department of State - Secretary of State

JLBC: Leah Ruggieri
 OSPB: Tory Anderson

DESCRIPTION	FY 2005 ACTUAL	FY 2006 ESTIMATE	FY 2007 JLBC
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	40.3	42.3	48.3
Personal Services	1,185,500	1,340,400	1,546,200
Employee Related Expenditures	311,500	385,900	450,400
Professional and Outside Services	35,600	50,000	50,000
Travel - In State	6,800	10,900	10,900
Travel - Out of State	11,000	13,200	13,200
Other Operating Expenditures	437,900	472,900	752,900
Equipment	7,200	0	0
OPERATING SUBTOTAL	1,995,500	2,273,300	2,823,600
SPECIAL LINE ITEMS			
Election Services	2,907,600	798,900	3,632,700
Help America Vote Act	742,400	40,000,000	20,000,000
AGENCY TOTAL	5,645,500	43,072,200	26,456,300
FUND SOURCES			
General Fund	5,598,400	3,072,200	6,293,900
<u>Other Appropriated Funds</u>			
Election Systems Improvement Fund	47,100	40,000,000	20,000,000
Professional Employer Organization (PEO) Fund	0	0	162,400
SUBTOTAL - Other Appropriated Funds	47,100	40,000,000	20,162,400
SUBTOTAL - Appropriated Funds	5,645,500	43,072,200	26,456,300
Other Non-Appropriated Funds	92,800	307,700	265,600
TOTAL - ALL SOURCES	5,738,300	43,379,900	26,721,900

CHANGE IN FUNDING SUMMARY

	FY 2006 to FY 2007 JLBC	
	\$ Change	% Change
General Fund	3,221,700	104.9%
Other Appropriated Funds	(19,837,600)	(49.6%)
Total Appropriated Funds	(16,615,900)	(38.6%)
Non Appropriated Funds	(42,100)	(13.7%)
Total - All Sources	(16,658,000)	(38.4%)

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 Actual	FY 2004 Actual	FY 2005 Actual	FY 2007 JLBC
• % of documents returned to public filer in 48 hours (Business Services Division)	70	75	70	85
• % of election law complaints reviewed and acted on within 7 days	100	100	100	100

Reduce HAVA Appropriation OF (20,000,000)

The JLBC recommends a decrease of \$(20,000,000) from the Election Systems Improvement Fund in FY 2007 to reduce the appropriated level of HAVA funding to \$20,000,000, which would equal expected FY 2007 expenditures. This decrease does not represent a reduction in the overall level of funding provided for HAVA, but rather the appropriation of most of the remaining amount of unexpended Federal Funds deposited into the Election Systems Improvement Fund. A total of \$40,000,000 was appropriated from the Election Systems Improvement Fund in FY 2006. The Secretary of State now estimates FY 2006 expenditures will be \$20,000,000. Any unused monies will revert back to the Election Systems Improvement Fund at the end of FY 2006, thereby requiring a new FY 2007 appropriation.

Table 1 lists HAVA expenditures from FY 2004 – FY 2007:

Table 1	
HAVA Expenditures	
FY 2004	\$4,556,400
FY 2005	\$742,400
FY 2006	\$20,000,000
FY 2007	<u>\$20,000,000</u>
Total	\$45,298,800

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. To date, the Secretary of State has received a total of \$50,676,300 in HAVA funding. This includes revenue from the following sources listed in Table 2:

Table 2	
HAVA Funding	
Federal Funds	\$47,688,100
5% GF Match	2,200,000
Interest	<u>788,200</u>
Total	\$50,676,300

HAVA expenditures in FY 2004 – FY 2007 account for all but \$5,377,500 of total HAVA funding. This amount plus accumulated interest will be spent in FY 2008 and subsequent fiscal years to maintain and upgrade software purchased to meet HAVA requirements.

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 1 candidate. In addition, the system must be accessible to individuals with disabilities.

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JLBC RECOMMENDED FORMAT — Operating Lump Sum with Special Line Items by Agency

JLBC RECOMMENDED FOOTNOTES

Standard Footnotes

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, 2006 the actual amount and purpose of expenditures from the Election Systems Improvement Fund in FY 2006 and the expected amounts and purpose of expenditures from the fund for FY 2007 and FY 2008.

SUMMARY OF FUNDS	FY 2005 Actual	FY 2006 Estimate
Arizona Blue Book Revolving Fund (STA2006/A.R.S. § 41-131)		Non-Appropriated
Source of Revenue: Proceeds from the sales of Arizona Blue Books and legislative appropriations.		
Purpose of Fund: To publish the Arizona Blue Book, which contains information about the state's Executive, Legislative, and Judicial Branches.		
Funds Expended	0	25,000
Year-End Fund Balance	29,500	6,500

SUMMARY OF FUNDS	FY 2005 Actual	FY 2006 Estimate
Data Processing Acquisition Fund (STA2265/A.R.S. § 41-127)		Non-Appropriated
Source of Revenue: A special recording fee on Uniform Commercial Code filings.		
Purpose of Fund: To defray the cost of improving data processing within the Office of the Secretary of State. Any uncommitted monies in excess of \$250,000 at the close of the calendar year revert to the General Fund.		
Funds Expended	61,800	202,100
Year-End Fund Balance	293,300	191,800
Election Systems Improvement Fund (STA2357/A.R.S. § 41-129)		Partially-Appropriated
Source of Revenue: Monies received from the United States government, matching monies from state, county or local governments, legislative appropriations, gifts, grants, and donations. Any monies deposited into the fund in FY 2003 and FY 2004 are appropriated to the Secretary of State. Monies deposited in the fund each subsequent year, including federal funds, are subject to legislative appropriation.		
Purpose of Fund: To implement the provisions of the Help America Vote Act (HAVA) (P.L. 107-252). HAVA is federal election reform legislation that imposes several requirements on the states with respect to the conduct of federal elections, including replacement of all punch-card and lever voting machines, implementation of a statewide voter registration database, and implementation of a voting system that meets federal standards.		
Appropriated Funds Expended	47,100	40,000,000
Non-Appropriated Funds Expended	0	0
Year-End Fund Balance	45,426,700	6,076,700
Election Training Fund (No Fund Number/A.R.S. § 16-407)		Non-Appropriated
Source of Revenue: Receives money from cities and towns whose employees take election training courses.		
Purpose of Fund: To provide election training to officials from cities and towns.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Health Care Directives Registry Fund (STA2508/A.R.S. § 36-3297)		Non-Appropriated
Source of Revenue: Donations from private investors.		
Purpose of Fund: To support, promote and maintain the Health Care Directives Registry		
Funds Expended	31,000	80,600
Year-End Fund Balance	9,000	8,400
Professional Employer Organization Fund (No Fund Number/A.R.S. § 23-576)		Appropriated
Source of Revenue: Professional Employer Organization registration and renewal fees.		
Purpose of Fund: To pay the costs of administering PEO registration and investigating any allegations of malfeasance.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Standing Political Committee Administrative Fund (STA2426/A.R.S. § 41-128)		Non-Appropriated
Source of Revenue: Filing fees paid by standing political committees.		
Purpose of Fund: To pay the costs of administering and enforcing the campaign finance laws relating to standing political committees.		
Funds Expended	0	0
Year-End Fund Balance	42,500	51,800