

Joint Budget Committee Staff

FY 2025-26 Budget Briefing Summary

State

The Secretary of State is one of five independently-elected constitutional officers and serves as the chief election official for the State of Colorado. The Department of State (DOS) is broadly responsible for overseeing elections, registering businesses, and publishing information and records for public use.

The Department's FY 2024-25 appropriation represents approximately 0.1 percent of statewide operating appropriations and 0.02 percent of statewide General Fund appropriations.

Summary of Request

Department of State						
Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
FY 2024-25 Appropriation						
HB 24-1430 (Long Bill)	45,480,778	2,429,601	42,741,573	309,604	0	161.5
Other legislation	\$1,032,532	\$75,240	\$957,292	\$0	\$0	7.2
Total	\$46,513,310	\$2,504,841	\$43,698,865	\$309,604	\$0	168.7
FY 2025-26 Requested Appropriation						
FY 2024-25 Appropriation	\$46,513,310	\$2,504,841	\$43,698,865	\$309,604	\$0	168.7
R1 2024 HAVA Elections Security Grant Match	200,000	0	200,000	0	0	0.0
R2 Modernizing the IT div budget	0	0	0	0	0	0.0
R3 Fraudulent filings solution	55,033	0	55,033	0	0	1.0
R4 Increase security public meetings	31,048	0	31,048	0	0	0.0
Non-prioritized decision items	-4,948	0	-4,948	0	0	0.0
Annualize prior year actions	1,787,904	-2,500,587	4,598,095	-309,604	0	3.8
Centrally appropriated line items	1,488,176	0	1,488,176	0	0	0.0
Technical adjustments	-1,938,886	0	-1,938,886	0	0	0.0
Indirect cost assessment	-70,780	0	-70,780	0	0	0.0
Total	\$48,060,857	\$4,254	\$48,056,603	\$0	\$0	173.5
Increase/-Decrease	\$1,547,547	-\$2,500,587	\$4,357,738	-\$309,604	\$0	4.8
Percentage Change	3.3%	-99.8%	10.0%	-100.0%	0.0%	0.0

R1 2024 HAVA Election Security Grant State Match: The request includes \$200,000 in one-time DOS Cash Fund spending authority for FY 2025-26 to match the \$1.0 million federal Help America Vote Act (HAVA) grant for 2024. To retain the 2024 HAVA grant, the State must match 20.0 percent of these funds and must have the spending authority by April 10, 2026. This

funding is used to support improvements in federal election administration and infrastructure. This includes the provision of grants to counties for physical and cyber security, improvements to the Statewide Colorado Registration and Election (SCORE) system, performing election audits, and cybersecurity improvements. If this request is not approved, the Department is required to return the \$1.0 million in grant funding to the US Election Assistance Commission, as well as accumulated interest.

R2 Modernizing the IT Division Budget: The request includes a budget neutral reorganization of the Department's Information Technology Division. At present, the Department has three line items for IT operations: Operating Expenses, Hardware/Software Maintenance, and Asset Management. The Department argues that these budgetary categories are outdated, stating that consolidation into a single line item will improve operational flexibility, decrease accounting complexity and bring the department's budget structure in line with current trends in information technology products and services. Due to this, the Department requests consolidation of these line items into a single "Operating Expenses" line.

R3 Fraudulent Filings Solution: The request includes \$55,033 in cash funds and 1.0 FTE for FY 2025-26 and ongoing for business filing verification. Under H.B. 24-1137 (Implement Fraudulent Filings Group Recommendations), the Department is tasked with developing an alternative residency verification system for ID-deficient agents filing business registrations within Colorado. The Department was directed to meet with stakeholders to assess an alternative verification system due to a late amendment to H.B. 24-1137. Through this process, the Department has identified postal address as the means of verification. Under this plan, the agent will receive correspondence which will direct them to the Department's website for verification through a QR code or PIN number. The adoption of this method is expected to increase workload through the delivery of letters to registered agents and an associated increase in customer engagement.

R4 Increase Security at Public Hearings and Meetings: The request includes \$31,048 cash fund spending authority for FY 2025-26 and \$37,990 ongoing for increased security at public hearings and meetings. The Department coordinates security for public meeting with the Department of Public Safety (DPS). Colorado State Patrol (CSP), a division of CDPS, provides security for these Department of State meetings and hearings. Historically, the Department of State has been able to absorb the costs for this security through existing appropriations. However, security costs are expected to increase due to anticipated increases in hourly payment to CSP for services in FY 2025-26, as well as an increase in the number of Department meetings requiring uniformed security. The increase in costs for FY 2025-26 is driven by the following:

- H.B. 24-1283 (Secretary of State Review Municipal Campaign Fin. Complaints)
- S.B. 24-210 (Modifications to Election Law) – Creates a hearing process for complaints regarding petitions
- Continuing Legal Education (CLE) course for the public
- Title Board – Increased number and length of Title Board hearings
- Pending changes to General Policies and Administration – Potential rule change will bring a number of hearing processes in-house for the Department.

Issues Presented

This is a summary of the briefing issues presented to the Joint Budget Committee by their dedicated non-partisan staff.

Budget Reduction Options: Discusses budget reduction options, which includes a refinance of General Fund expenditures to the Department of State Cash Fund for H.B. 21-1071 (Ranked Choice Voting in Nonpartisan Elections), as well as a potential transfer from the Department of State Cash Fund to the General Fund.

Voting Machine Password Release: The Department became aware of the inadvertent release of voting machine passwords through the Department's website in late October. This discussion outlines the corrective actions taken by the Department and highlights the potential for increased legal services costs for FY 2024-25.

For More Information

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To read the entire briefing: Go to <http://leg.colorado.gov/content/budget/budget-documents> to use the budget document search tool. Select this department's name under *Department/Topic*, "Briefing" under *Type*, and select a *Start date* and *End date* to show documents released in November and December of 2024.