

Department of State - Secretary of State

	FY 2018 ACTUAL	FY 2019 ESTIMATE	FY 2020 APPROVED
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	141.1	141.1	143.1
Personal Services	5,437,400	5,382,300	5,522,300
Employee Related Expenditures	2,290,800	2,210,500	2,280,500
Professional and Outside Services	845,000	428,400	428,400
Travel - In State	14,700	19,100	19,100
Travel - Out of State	41,800	40,200	40,200
Other Operating Expenditures	3,298,000	3,928,800	4,392,200
Equipment	89,700	172,500	172,500
OPERATING SUBTOTAL	12,017,400	12,881,800	12,855,200 ^{1/2/}
SPECIAL LINE ITEMS			
Election Services	0	4,000,000	0
HAVA - Help America Vote Act (2002)	1,599,400 ^{3/}	0	0
HAVA - Other Help America Vote Act Projects	0	5,400,400	0
HAVA - Statewide Voter Registration System	0	2,063,300	0
Presidential Preference Election	0	0	4,408,100
Special Election	2,500,000	0	0
Uniform State Laws Commission	0	0	99,000
Library Grants-in-Aid	542,000	651,400	651,400 ^{4/}
Statewide Radio Reading Service for the Blind	97,000	97,000	97,000
AGENCY TOTAL	16,755,800	25,093,900	18,110,700 ^{5/}
FUND SOURCES			
General Fund	14,492,400	16,270,300	17,367,900
Other Appropriated Funds			
Data Processing Acquisition Fund	0	115,500	0
Election Systems Improvement Fund	1,599,400	7,463,700	0
Records Services Fund	664,000	1,244,400	742,800
SUBTOTAL - Other Appropriated Funds	2,263,400	8,823,600	742,800
SUBTOTAL - Appropriated Funds	16,755,800	25,093,900	18,110,700
Other Non-Appropriated Funds			
Federal Funds	1,349,000	1,346,500	1,346,500
TOTAL - ALL SOURCES	21,637,900	30,212,200	23,229,000

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 campaign filings; registering trade names, trademarks and limited partnerships; appointing notaries public; and certifying certain telemarketing and charitable solicitation organizations, and provides administrative support for the Commission on Uniform State Laws. In addition, the Department is the archival authority and designated repository for historical records and documents of state and local governments, as well as a designated federal document regional repository.

FOOTNOTES

- ^{1/} Included in the Operating Lump Sum appropriation of \$12,855,200 for FY 2020 is \$5,000 for the purchase of mementos and items for visiting officials. (General Appropriation Act footnote, as adjusted for statewide allocations)
- ^{2/} Laws 2019, Chapter 275 appropriated \$70,000 and 1 FTE Position from the General Fund in FY 2024 for the establishment of an electronic repository of state archives and documents.
- ^{3/} Notwithstanding A.R.S. § 35-190, the appropriation of \$2,941,100 to the Secretary of State for the Help America Vote Act made by Laws 2017, Chapter 305, Section 88 that remains unexpended on June 30, 2020 reverts to the fund from which the monies were appropriated.

- 4/ This appropriation is a continuing appropriation and is exempt from the provisions of A.R.S. § 35-190, relating to lapsing of appropriations. (General Appropriation Act footnote)
- 5/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The budget includes \$12,855,200 and 143.1 FTE Positions in FY 2020 for the operating budget. These amounts consist of:

	FY 2020
General Fund	\$12,112,400
Record Services Fund	742,800

FY 2020 adjustments are as follows:

Remove FY 2019 Supplemental

The budget includes a decrease of \$(700,000) from the General Fund in FY 2020 for the removal of the FY 2019 supplemental. This funding was used to pay accumulated records services fees.

New Information Technology FTE Positions

The budget includes an increase of \$200,000 and 2 FTE positions from the General Fund in FY 2020 for additional information technology support, including elections security.

Petition Filing and Other Expenses

The budget includes an increase of \$103,000 from the General Fund in FY 2020 for petition filing and other expenses. Of the amount, \$100,000 will be used for the filing of petitions and \$3,000 will be used for the training of election officers.

Statewide Adjustments

The budget includes an increase of \$370,400 in FY 2020 for statewide adjustments. This amount consists of:

General Fund	372,000
Record Services Fund	(1,600)

(Please see the Agency Detail and Allocations section.)

Election Services

The budget includes no funding in FY 2020 for Election Services. FY 2020 adjustments are as follows:

Eliminate One-Time FY 2018 Elections Costs

The budget includes a decrease of \$(4,000,000) in FY 2020 for Election Services. This amount consists of:

General Fund	(3,384,500)
Record Services Fund	(500,000)
Data Processing Acquisition Fund	(115,500)

The FY 2019 appropriation of \$4,000,000 funded the statewide primary election on August 28, 2018 and the General Election on November 6, 2018. The FY 2019 Budget Procedures Budget Reconciliation Bill (BRB) allowed the Record Services Fund and the Data Processing Acquisition Fund to be used for election services.

The FY 2020 budget eliminates the one-time funding for FY 2018 elections costs. In FY 2020 the Presidential Preference Election is funded in a separate line item. The FY 2017 General Appropriation Act transferred ongoing annual elections services costs into the agency's operating budget. This line item is intended only to cover variable election costs in an election year.

For traditional state elections, statute requires the Secretary of State (SOS) to: 1) reimburse 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; 4) print and mail a publicity pamphlet to every household with a registered voter for any initiative or referendum; 5) review and process initiative and referendum signatures; and 6) process challenges to candidate eligibility.

Presidential Preference Election (PPE)

The budget includes \$4,408,100 from the General Fund in FY 2020 for the new Presidential Primary Election (PPE) line item. FY 2020 adjustments are as follows:

PPE Funding

The budget includes an increase of \$4,408,100 from the General Fund in FY 2020 for the PPE currently scheduled for March 17, 2020. Under A.R.S. § 16-241, the Governor may specify a later date within 180 days of the scheduled election.

During a PPE, voters affiliated with a political party express their preference for a presidential candidate of their political party. Voters registered with no party designation or of a party not conducting a PPE do not participate. The conduct of the election differs from other contests in that there is a separate ballot for each

recognized political party conducting a PPE and no other election may appear on the PPE ballot.

A.R.S. § 16-250 allows counties to be reimbursed up to \$1.25 per each active registered voter in the county as of the January of the PPE year.

This year's appropriation was determined using the \$1.25 statutory reimbursement rate and the projected number of active registered voters in the state at the time of the PPE.

HAVA - Other Help America Vote Act (HAVA) Projects

The budget includes no funding from the Election Systems Improvement Fund in FY 2020 for monies for HAVA projects and to improve elections security. FY 2020 adjustments are as follows:

Eliminate One-Time HAVA Funding

The budget includes a decrease of \$(5,400,400) from the Election Systems Improvement Fund in FY 2020 for these one-time federal monies. The appropriation made in FY 2019 for this line item was non-lapsing until June 30, 2020. Since the SOS did not expend all \$(5,400,400) by the end of FY 2019, some HAVA monies will be expended in FY 2020.

HAVA is federal election reform legislation from 2002 that imposes several requirements on the states with respect to the conduct of federal elections. The Help America Vote Act (2002) line item in the table shows the final expenditure of these funds in FY 2018. Arizona received \$7,463,700 from a new allocation from the federal government in FY 2018 to fulfill projects that further the goals of HAVA or improve election security. Of the \$7,463,700, the FY 2019 budget allocated \$5,400,400 to this line item. The other \$2,063,300 from the allocation is discussed in the next line item.

An FY 2019 General Appropriation Act footnote required SOS to submit an expenditure plan for review by the Joint Legislative Budget Committee (JLBC) for the monies in this line item. On June 18, 2019, JLBC reviewed a revised version of the expenditure plan.

HAVA - Statewide Voter Registration System

The budget includes no funding from the Election Systems Improvement Fund in FY 2020 for development of a new statewide voter registration system. FY 2020 adjustments are as follows:

Remove Voter Registration System Funding

The budget includes a decrease of \$(2,063,300) from the Election Systems Improvement Fund in FY 2020 for the removal of FY 2019 development costs for a new voter registration system.

The voter registration database will replace technology from the late 1990s that facilitates the exchange of voter registration data between the counties and the Secretary of State. This new system will serve as the primary database for 13 counties and will connect to the Pima County and the Maricopa County databases.

This line item includes funding from the 2018 allocation of \$7,463,700 in federal monies for HAVA to the State of Arizona. At the June 19, 2018 JLBC Meeting, the Committee reviewed the expenditure of \$2,063,300 for the new system, and as previously discussed provided a favorable review of an additional \$235,500 in the Other HAVA Projects line item to be spent on project management. At the June 18, 2019 JLBC meeting, the Committee reviewed the expenditure of \$935,800 in additional "Other Help America Vote Act" funds to complete the new system. *(Please see the Other Help America Vote Act Projects line item for a discussion of these monies.)*

Uniform State Laws Commission

The budget includes \$99,000 from the General Fund in FY 2020 for costs associated with the state's participation in the Uniform Law Commission. FY 2020 adjustments are as follows:

Uniform Law Commission Funding

The budget includes an increase of \$100,000 from the General Fund in FY 2020 for expenses related to Arizona's participation in the Uniform Law Commission.

The Uniform Law Commission attempts to provide states with non-partisan legislation that creates consistency from state to state in areas of state law. Monies in this line item may be used to cover travel and other expenses related to Arizona's participation in the Commission.

Statewide Adjustments

The budget includes a decrease of \$(1,000) from the General Fund in FY 2020 for statewide adjustments.

Library Grants-in-Aid

The budget includes \$651,400 from the General Fund in FY 2020 for Library Grants-in-Aid. This amount is unchanged from FY 2019.

This line item funds a portion of the state maintenance of effort that is required for receipt of federal dollars under the Library Services and Technology Act (LSTA). Receipt of LSTA monies is dependent on the state's ability to meet a maintenance-of-effort requirement, which is tied to the state contribution made in each of the 3 prior years.

FY 2024 Electronic Document Repository Funding

Laws 2109, Chapter 275 appropriated \$70,000 and 1 FTE Position from the General Fund in FY 2024 for the establishment of an electronic repository of state archives and documents.

Statewide Radio Reading Service for the Blind

The budget includes \$97,000 from the General Fund in FY 2020 for Statewide Radio Reading Service for the Blind. This amount is unchanged from FY 2019.

These monies are used to provide information access services for blind and visually impaired individuals. Services include radio information broadcasts, a telephone and web-based news reading service, and internet radio broadcasting for individuals who are outside the range of the radio broadcast.

Other Issues

FY 2019 Supplemental / FY 2020 Adjustment

EORP Contribution Adjustment

The budget continues an increase of \$1,500 from the General Fund in FY 2020 for employer contribution increases related to the Elected Officials Retirement Plan (EORP). The budget appropriated this amount to the agency as an FY 2019 supplemental and continued this same appropriation in the FY 2020 budget. *(Please see the Consolidated Retirement Report for more information.)*

Operating Expenses

The budget includes an FY 2019 supplemental increase of \$700,000 from the General Fund for operating expenses.

Statutory Changes

The Budget Procedures BRB makes the following statutory changes:

- As permanent law, create a county contributions fund for the operational costs of the state's voter registration system. County contributions are currently comingled with other monies.
- As session law, allow political parties to opt out of participating in the 2020 presidential preference election by submitting written notice to the Secretary of State by September 16, 2019.

