

Department of State - Secretary of State

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	143.1	144.1	144.1 ^{1/}
Personal Services	6,065,800	6,877,100	6,877,100
Employee Related Expenditures	2,288,100	2,624,300	2,624,300
Professional and Outside Services	1,456,700	1,422,600	1,422,600
Travel - In State	12,500	5,500	5,500
Travel - Out of State	38,200	36,000	36,000
Other Operating Expenditures	4,162,700	6,231,600	3,963,600
Equipment	104,200	133,300	133,300
OPERATING SUBTOTAL	14,128,200	17,330,400	15,062,400 ^{2/-6/}
SPECIAL LINE ITEMS			
Access Voter Information Database	483,500	483,500	483,500 ^{7/}
Early Ballot Tracking	234,700	0	0
Election Services	4,883,400	0	4,000,000 ^{8/}
Electronic Records Repository	0	70,000	70,000
Help America Vote Act Projects	0	5,000,000	0
Library Grants-in-Aid	530,000	651,400	651,400 ^{9/}
Presidential Preference Election	0	5,926,100	0
Statewide Radio Reading Service for the Blind	97,000	97,000	97,000
Uniform State Laws Commission	72,100	99,000	99,000
AGENCY TOTAL	20,428,900	29,657,400	20,463,300 ^{10/}
FUND SOURCES			
General Fund	18,630,100	22,681,800	18,487,700
Other Appropriated Funds			
Election Systems Improvement Fund	483,500	5,483,500	483,500
Records Services Fund	1,315,300	1,492,100	1,492,100
SUBTOTAL - Other Appropriated Funds	1,798,800	6,975,600	1,975,600
SUBTOTAL - Appropriated Funds	20,428,900	29,657,400	20,463,300
Other Non-Appropriated Funds			
Federal Funds	2,071,600	2,639,700	2,639,700
TOTAL - ALL SOURCES	27,294,000	37,105,800	27,911,700

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/} Includes 1 GF FTE Position funded from Special Line Items in FY 2025.
- ^{2/} Included in the operating lump sum appropriation of \$15,062,400 for fiscal year 2024-2025 is \$5,000 for the purchase of mementos and items for visiting officials. (General Appropriation Act footnote)
- ^{3/} The operating lump sum appropriation includes \$162,000 for additional support for the talking book library. (General Appropriation Act footnote)
- ^{4/} The operating lump sum appropriation includes \$250,000 for additional support for the address confidentiality program. (General Appropriation Act footnote)
- ^{5/} The operating lump sum appropriation includes \$100,000 for additional support for secretary of state legal expenses. The secretary of state may spend these monies for legal services from the attorney general or to hire one FTE position to serve as legal advisor and to represent the secretary of state. The secretary of state may not make expenditures or incur

indebtedness to employ outside or private attorneys to provide representation or services. (General Appropriation Act footnote.)

- 6/ Included in the operating lump sum appropriation of \$15,062,400 for fiscal year 2024-2025 is \$1,492,100 from the records services fund. This appropriation may be used for the payment of obligations incurred in fiscal year 2023-2024. (General Appropriation Act footnote)
- 7/ Monies in the access voter information database line item may be used only for the exclusive purpose of developing and administering the statewide database of voter registration information required by section 16-168, Arizona Revised Statutes. The secretary of state may not transfer any monies in or out of the access voter information database line item. (General Appropriation Act footnote)
- 8/ Before transferring any monies in or out of the election services line item, the secretary of state shall submit a report for review by the joint legislative budget committee. (General Appropriation Act footnote)
- 9/ 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)
- 10/ General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

Operating Budget

The Baseline includes \$15,062,400 and 143.1 FTE Positions in FY 2025 for the operating budget. These amounts consist of:

	FY 2025
General Fund	\$13,570,300
Record Services Fund	1,492,100

Adjustments are as follows:

Remove One-Time Administrative Funding

The Baseline includes a decrease of \$(2,330,000) from the General Fund in FY 2025 for the removal of a one-time administrative funding increase. The FY 2024 budget included \$2,330,00 from the General Fund for administrative funding. Of this amount, \$330,000 was allocated for the Business Services department. The FY 2024 appropriation is exempt from lapsing.

Increase Talking Book Library Assistance

The Baseline includes an increase of \$62,000 from the General Fund in FY 2025 for the operations of the Arizona Talking Book Library (ATBL). The FY 2024 budget included \$100,000 in the operating budget for this purpose, and the 3-year spending plan included an increase to a total of \$162,000 in FY 2025. The ATBL provides audio books and magazines to Arizona residents who are unable to read printed materials due to blindness or other disabilities.

The Baseline continues footnotes specifying that the Secretary of State allocate the following amounts from the operating lump sum in FY 2025 for the following items:

- \$162,000 for the operations of the Arizona Talking Book Library
- \$250,000 of additional support for the Address Confidentiality Program (ACP). ACP provides a

substitute address and confidential mail forwarding services to victims of domestic violence, sexual offenses, and stalking. In FY 2024, this ongoing funding was added to address a decrease in federal funding.

- \$100,000 for legal services funding. The footnote specifies that monies may be used to pay for legal services from the Attorney General or to hire 1 FTE Position to serve as legal advisor and to represent the SOS. The SOS may not make expenditures or incur indebtedness to employ outside or private attorneys to provide representation or services. A prior budget footnote in effect for FY 2022 and FY 2023 previously restricted the SOS from receiving legal support from the Attorney General.

Access Voter Information Database

The Baseline includes \$483,500 from the Election Systems Improvement Fund in FY 2025 for the Access Voter Information Database line item. This amount is unchanged from FY 2024.

The state and the counties share operation and maintenance costs for the state's voter registration database, which is named Access Voter Information Database (AVID). *(For additional information about AVID Funding, please see the Help America Vote Acts Project line item.)*

Election Services

The Baseline includes \$4,000,000 from the General Fund in FY 2025 for the Election Services line item.

Adjustments are as follows:

Primary/General Election Year Funding

The Baseline includes an increase of \$4,000,000 from the General Fund in FY 2025 for funding election costs for traditional state elections. This line item received no funding in FY 2024 since no primary or general elections are scheduled between July 2023 and June 2024.

Ongoing annual elections services costs are funded out of the agency's operating budget. This line item is intended only to cover variable traditional state election costs in an election year. The FY 2025 Baseline is to fund the Primary Election on August 6, 2024 and the General Election on November 5, 2024.

For traditional state elections (excluding the PPE or special 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 for state offices; 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.

The 2024 Presidential Preference Election was funded in a separate line item.

Electronic Records Repository

The Baseline includes \$70,000 and 1 FTE Position from the General Fund in FY 2025 for the Electronic Records Repository line item. These amounts are unchanged from FY 2024.

This line item supports an electronic repository of state archives and records. Laws 2019, Chapter 275 established the Electronic Records Repository Fund (ERRF), which is subject to legislative appropriation. Chapter 275, however, appropriated the \$70,000 and 1.0 FTE from the General Fund directly to SOS and not for deposit into the ERRF. As a result, SOS could expend these FY 2024 monies without having an ERRF appropriation. For FY 2025, the General Appropriation Act will include the 1.0 FTE and a \$70,000 appropriation from the General Fund in the line item rather than as a deposit to the appropriated fund.

The ERRF fund is subject to legislative appropriation and receives funding from legislative appropriations, fees, donations, and gifts. The intent was for SOS to charge fees to government agencies for the storage of electronic records. At this time, the SOS is developing the program and no charges have been established.

Help America Vote Act Projects

The Baseline includes no funding in FY 2025 for the Help America Vote Act (HAVA) Projects line item. Adjustments are as follows:

Remove FY 2024 HAVA Projects Funding

The Baseline includes a decrease of \$(5,000,000) from the Election Systems Improvement Fund in FY 2025 for removal of the appropriation authority to spend federal Help America Vote Act monies. The FY 2024 budget included a \$5,000,000 appropriation from the General Fund. The FY 2024 appropriation is non-lapsing.

A FY 2024 budget footnote stipulated: 1) 75% of the monies be distributed to counties for election systems improvements. 2) Before spending monies in this line item, the SOS shall submit for JLBC review an expenditure plan that includes, at a minimum, planned expenditures and timeline for the expenditures by year; and 3) SOS is required to report to JLBC and OSPB semiannually until all monies from line item have been expended.

The Joint Legislative Budget Committee gave a favorable review at the October 10, 2023 meeting to \$3,664,300. This was comprised of:

- \$2,760,800 for distribution to counties for election security grants (\$50,000 for each county with the remainder to be allocated based on the proportion of registered voters). These monies shall only be expended on election security purposes as defined on federal law, but shall not be utilized for 1) the operation or installation of ballot drop boxes; 2) the operation of voting centers; 3) information campaigns based on the specific party registration or age of voter; 4) and election workforce programs established with a university or community college.
- \$377,100 distributed to the 12 smallest (by population) counties to pay for their share of the AVID costs in FY 2024, FY 2025, and FY 2026.
- \$359,900 for upgrades to My.Arizona.Vote state elections portal.
- \$166,500 for the state to pay additional state AVID costs.

The \$5,000,000 FY 2024 appropriation was intended to include all current unencumbered HAVA monies and a portion of any future federal HAVA grants. In September 2023, SOS reported that the total amount of available unencumbered HAVA funds is \$4,881,100. Additional federal funding is not expected in the immediate future. With the \$3,664,300 in reviewed expenditures, this would leave \$1,216,800 for the costs of the AVID line item and/or for HAVA Projects in FY 2025 and following years.

Background - The Help America Vote Act (HAVA) of 2002 is federal election reform legislation that imposes several requirements on the states with respect to the conduct of federal elections including election security.

Monies in this line item provide appropriation authority for the Secretary of State to spend and distribute federal HAVA monies, which are deposited in the Election Systems Improvement Fund and require legislative appropriation.

The FY 2024 budget also extended the availability of a FY 2021 appropriation of \$5,352,200 of HAVA funding until the end of FY 2024. These monies were to be distributed to counties for election system improvements. Prior legislation had previously extended the availability until the end of FY 2023. As of September 2023, an estimated \$510,600 remains available from the original county appropriation.

Library Grants-in-Aid

The Baseline includes \$651,400 from the General Fund in FY 2025 for Library Grants-in-Aid. This amount is unchanged from FY 2024.

This line item funds a portion of the state maintenance of effort (MOE) 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 an MOE requirement, which is tied to the state contribution made in each of the 3 prior years. The appropriation is non-lapsing.

Presidential Preference Election

The Baseline includes no funding in FY 2025 for the Presidential Preference Election (PPE) line item.

Adjustments are as follows:

Remove 2024 PPE Funding

The Baseline includes a decrease of \$(5,926,100) from the General Fund in FY 2024 for the PPE currently scheduled for March 19, 2024.

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.

Monies in the PPE line item are for the SOS to reimburse expenses incurred by counties to administer the 2024 PPE, for logic and accuracy testing of voting equipment for the 2024 PPE and for the direct costs of the SOS related to the 2024 PPE. A budget footnote specifies the SOS may use up to \$100,000 of the monies in the PPE line item for the direct costs of the SOS related to the 2024 PPE.

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 2nd of January of the PPE year. If the Secretary of State determines that the statutory reimbursement rate would jeopardize the ability of a county to comply with federal and state laws and regulations, the SOS may set a different rate of reimbursement.

The amount appropriated in the FY 2024 budget is projected to accommodate at least \$1.25 per active registered voter. Based on a projection of 4,628,953 active registered voters in January 2024, the statutory \$1.25 rate would cost approximately \$5.8 million. The 2016 and 2020 PPE elections received funding in excess of the \$1.25/voter amount, with varying amounts depending on county population as set by the Legislature in prior year appropriation footnotes.

A budget footnote requires each county to submit its certified claims to the SOS by May 1, 2024. On or before May 15, 2024, the SOS is required to review the county claims and submit a report to the JLBC and OSPB regarding county reimbursements for the 2024 PPE.

Statewide Radio Reading Service for the Blind

The Baseline includes \$97,000 from the General Fund in FY 2025 for Statewide Radio Reading Service for the Blind. This amount is unchanged from FY 2024.

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. Additional funds for staffing the program are included within the agency operating budget.

Uniform State Laws Commission

The Baseline includes \$99,000 from the General Fund in FY 2025 for costs associated with the state's participation in the Uniform State Laws Commission. This amount is unchanged from FY 2024.

The Uniform State Laws 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.

- A \$4,000,000 increase in FY 2027 for one-time funding for the 2026 Primary/General Elections. This amount would fund the state primary and general elections scheduled between July 2026 and June 2027.

Other Issues

Long-Term Budget Impacts

As part of the Baseline's 3-year spending plan, SOS's General Fund costs would decrease by \$(4,000,000) in FY 2026 below FY 2025, and increase by \$4,000,000 in FY 2027 above FY 2026.

These estimates are based on:

- A \$(4,000,000) decrease in FY 2026 to remove one-time funding for the 2024 Primary/General Elections. There are no state primary or general elections scheduled between July 2025 and June 2026.

Professional Employer Organizations

Statute requires Professional Employer Organizations (PEOs) to register with the Secretary of State and the registration fee is deposited into the appropriated Professional Employer Organization Fund. Monies in the fund are to support the registration process. Prior budget legislation delayed the implementation of the PEO Program until June 30, 2023, meaning the program would become active in FY 2024. Budget legislation extended the delayed implementation until June 30, 2024, which would now result in the program becoming active in FY 2025.

SUMMARY OF FUNDS	FY 2023 Actual	FY 2024 Estimate
Address Confidentiality Program Fund (STA2557/A.R.S. § 41-169)		Non-Appropriated
Source of Revenue: An assessment of \$50 imposed on all persons convicted of domestic violence, stalking, or certain sexual offenses.		
Purpose of Fund: To administer the Address Confidentiality Program. This program allows the Secretary of State to establish an alternate public address to protect victims of domestic violence, stalking, and sexual offenses.		
Funds Expended	606,400	641,000
Year-End Fund Balance	76,600	25,600
County Contributions to the Voter Registration System Fund (STA2367/A.R.S. § 16-168.01)		Non-Appropriated
Source of Revenue: Receives monies transferred from counties to the Secretary of State.		
Purpose of Fund: To develop and administer the statewide database of voter registration information.		
Funds Expended	14,200	370,000
Year-End Fund Balance	32,600	145,100
Data Processing Acquisition Fund (STA2265/A.R.S. § 18-441)		Non-Appropriated
Source of Revenue: A special recording fee on Uniform Commercial Code and other 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	54,300	120,000
Year-End Fund Balance	221,200	251,200
Election Systems Improvement Fund (STA2357/A.R.S. § 41-129)		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.		
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, implementation of a statewide voter registration database, and implementation of a voting system that meets federal standards.		
Funds Expended	483,500	5,483,500
Year-End Fund Balance	3,864,300	2,735,800

SUMMARY OF FUNDS	FY 2023 Actual	FY 2024 Estimate
Election Training Fund (STA2521/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	11,000	12,000
Electronic Records Repository Fund (STA9999/A.R.S. § 41-151.26)		Appropriated
Source of Revenue: Monies received from legislative appropriations, gifts, nonfederal grants, fees, and donations.		
Purpose of Fund: To fund operating expenses for the state library's electronic records repository.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Federal Grants (STA2000/A.R.S. § 41-151.06)		Federal Funds
Source of Revenue: Federal grants awarded to the state for library purposes.		
Purpose of Fund: Prescribed by the federal grantor for statewide library purposes.		
Funds Expended	4,793,500	4,808,700
Year-End Fund Balance	815,100	1,006,400
IGA and ISA Fund (STA2500/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Intergovernmental Agreements and Internal Service Agreements with other state agencies.		
Purpose of Fund: To record and manage Intergovernmental Agreements and Internal Service Agreements.		
Funds Expended	1,050,600	1,028,900
Year-End Fund Balance	109,100	80,200
Notary Bond Fund (STA2387/A.R.S. § 41-314)		Non-Appropriated
Source of Revenue: The fund receives a portion of the fee collected from the processing of notary bonds.		
Purpose of Fund: To defray the cost associated with the processing and administration of notary bonds.		
Funds Expended	159,100	185,900
Year-End Fund Balance	87,800	91,900
Professional Employer Organization Fund (STA2520/A.R.S. § 23-576)		Appropriated
Source of Revenue: Professional Employer Organization (PEO) registration and renewal fees.		
Purpose of Fund: To pay the costs of administering PEO registration and investigating any allegations of malfeasance. The FY 2014 Government Budget Reconciliation Bill delayed the implementation of the PEO registration program until FY 2024. The FY 2024 Secretary of State Budget Reconciliation Bill further delayed implementation until FY 2025.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Records Services Fund (STA2431/A.R.S. § 41-151.12)		Appropriated
Source of Revenue: Fees collected from state agencies, political subdivisions, and other governmental units for records storage services.		
Purpose of Fund: To help defray costs of preserving and managing the state of Arizona's public records.		
Funds Expended	1,315,300	1,492,100
Year-End Fund Balance	756,600	846,000
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	50,000
Year-End Fund Balance	79,300	29,300

SUMMARY OF FUNDS	FY 2023 Actual	FY 2024 Estimate
State Library Fund (STA2115/A.R.S. § 41-151.06)		Non-Appropriated
Source of Revenue: Private donations, private grants and monies collected through charges for reproduction of materials in the Research Division.		
Purpose of Fund: To improve statewide library service.		
Funds Expended	187,000	243,900
Year-End Fund Balance	390,100	183,100