

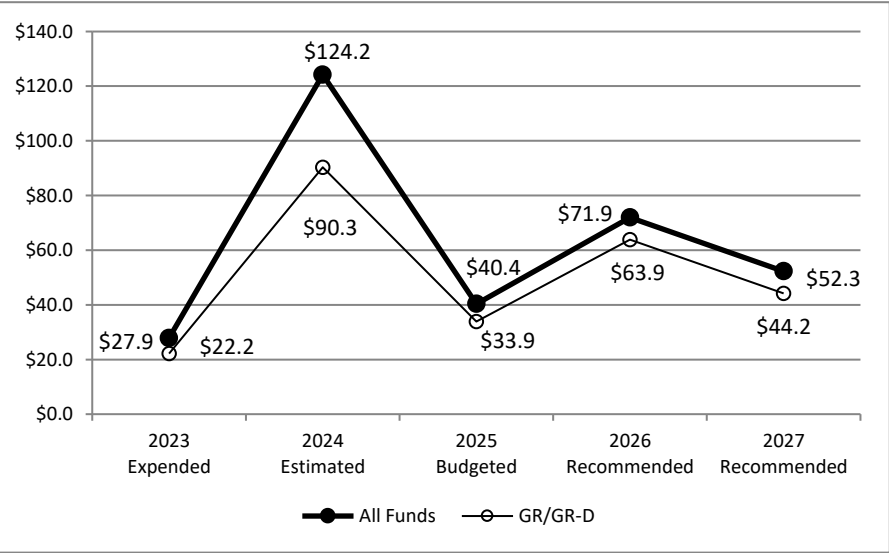
**Secretary of State  
Summary of Budget Recommendations - House**

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Jane Nelson, Secretary of State  
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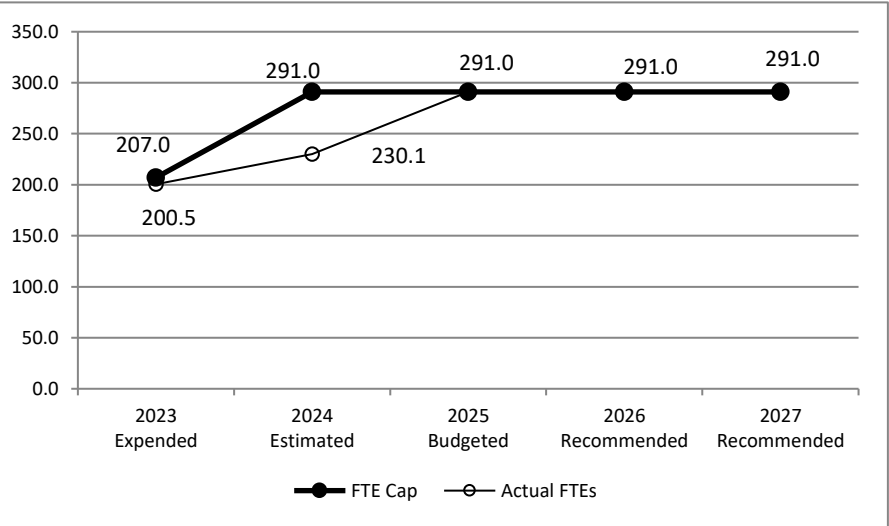
Method of Financing	2024-25 Base	2026-27 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$123,039,230	\$106,922,234	(\$16,116,996)	(13.1%)
GR Dedicated Funds	\$1,190,528	\$1,190,528	\$0	0.0%
<b>Total GR-Related Funds</b>	<b>\$124,229,758</b>	<b>\$108,112,762</b>	<b>(\$16,116,996)</b>	<b>(13.0%)</b>
Federal Funds	\$25,980,330	\$0	(\$25,980,330)	(100.0%)
Other	\$14,368,956	\$16,121,002	\$1,752,046	12.2%
<b>All Funds</b>	<b>\$164,579,044</b>	<b>\$124,233,764</b>	<b>(\$40,345,280)</b>	<b>(24.5%)</b>

	FY 2025 Budgeted	FY 2027 Recommended	Biennial Change	Percent Change
FTEs	291.0	291.0	0.0	0.0%

**Historical Funding Levels (Millions)**



**Historical Full-Time-Equivalent Employees (FTEs)**



The bill pattern for this agency (2026-27 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2026-27 biennium.

**Secretary of State  
Summary of Funding Changes and Recommendations - House**

Funding Changes and Recommendations for the 2026-27 Biennium compared to the 2024-25 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
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***SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):***

A)	Removal of Federal Funds provided for the administration of the Help America Vote Act (HAVA) offset by provision of General Revenue to replace a portion of HAVA funding for county security election audits and for the operation of the Texas Election Administration Management (TEAM) system.	\$11.1	\$0.0	(\$26.0)	\$0.0	(\$14.8)	B.1.1, B.1.4
B)	Removal of one-time funding provided for the second phase of the replacement of the Business Entity Secured Transaction (BEST) system and vehicle replacement.	(\$24.1)	\$0.0	\$0.0	\$0.0	(\$24.1)	D.1.1
C)	Removal of one-time funds provided for the replacement of an election funds management system in the 2024-25 biennium and reallocated by the agency from Strategy B.1.2, Primary Funding/VR Postage to Strategy D.1.1, Indirect Administration, in the 2026-27 Legislative Appropriations Request (LAR). See Section 3, Item 1, Modifications to the Agency Base Request.	(\$3.1)	\$0.0	\$0.0	\$0.0	(\$3.1)	B.1.2, D.1.1
D)	Increase in General Revenue to fund a portion of Exceptional Item 1, Strengthen Election Security & Integrity, to provide all requested funding for Strategy B.1.2, Primary Funding/VR Postage for increased costs of reimbursing counties for primary elections.	\$2.1	\$0.0	\$0.0	\$0.0	\$2.1	B.1.2

***OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):***

E)	Removal of unexpended balances carried forward to fiscal year 2024 to reimburse local jurisdictions for election costs.	(\$2.0)	\$0.0	\$0.0	\$0.0	(\$2.0)	B.1.2
F)	Removal of one-time funding provided for constitutional amendments above the eleven amendments assumed in Rider 3, Contingency Appropriation for Constitutional Amendments.	(\$1.1)	\$0.0	\$0.0	\$0.0	(\$1.1)	B.1.3
G)	Increase of \$1,030,934 to biennialize the statewide salary adjustments included in the 2024-25 biennium.	\$1.0	\$0.0	\$0.0	\$0.0	\$1.0	Multiple Strategies
H)	Projected net increase in Appropriated Receipts related to anticipated fee collections.	\$0.0	\$0.0	\$0.0	\$1.8	\$1.8	A.1.1, A.2.1, D.1.1

**Secretary of State**  
**Summary of Funding Changes and Recommendations - House**

Funding Changes and Recommendations for the 2026-27 Biennium compared to the 2024-25 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
<b>TOTAL SIGNIFICANT &amp; OTHER Funding Changes and Recommendations (in millions)</b>	(\$16.1)	\$0.0	(\$26.0)	\$1.8	(\$40.3)	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Increases</i>	\$14.2	\$0.0	\$0.0	\$1.8	\$4.8	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Decreases</i>	(\$30.3)	\$0.0	(\$26.0)	\$0.0	(\$45.2)	As Listed

NOTE: Totals may not sum due to rounding.

**Secretary of State  
Selected Fiscal and Policy Issues - House**

**1. Modifications to Agency Base Request**

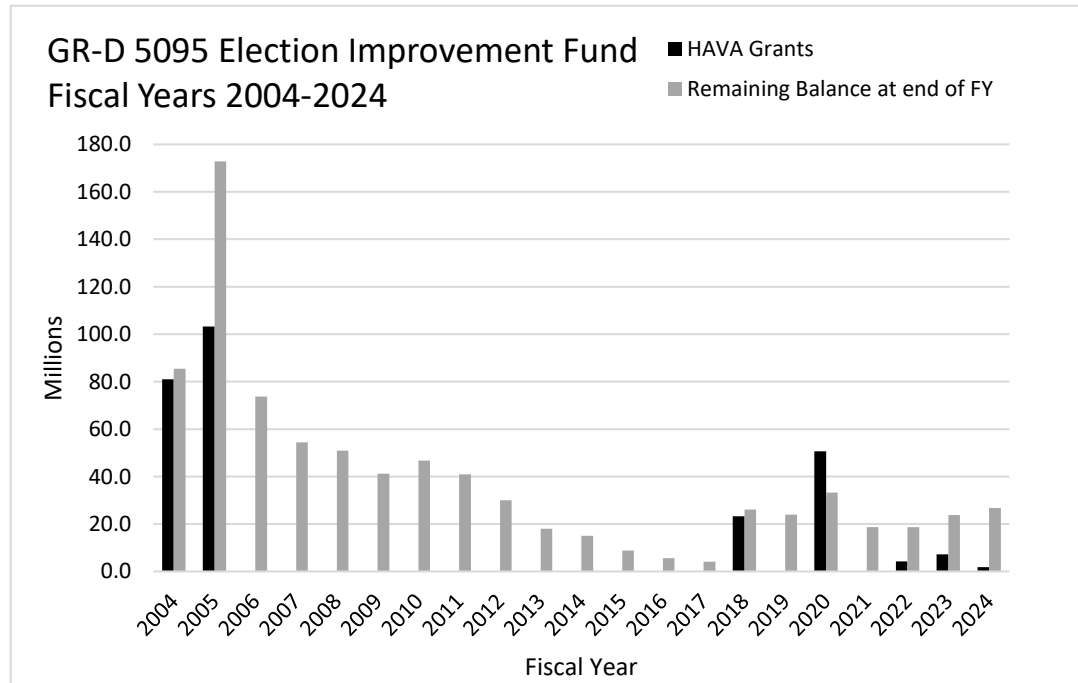
The Secretary of State (SOS) was provided \$6,809,600 in one-time General Revenue in the 2024-25 biennium in Strategy B.1.2, Primary Funding/VR Postage for the replacement of an existing election funds management system. Of this amount, \$3,619,200 was retained in the agency’s General Revenue-Related limit for ongoing support of the system. The agency’s LAR submission reallocated \$3,080,061 of this amount to Strategy D.1.1, Indirect Administration, and then submitted Exceptional Item 1, Strengthen Election Security & Integrity, to provide the agency an additional \$2,127,500 in General Revenue to backfill the funds moved from Strategy B.1.2.

Recommendations fully fund the agency’s estimated primary funding costs in Strategy B.1.2 by increasing appropriations by the exceptional item request of \$2,127,500. Recommendations also remove the reallocated funds from Strategy D.1.1. These modifications to the office’s base request lead to a net reduction of \$952,811 in General Revenue for the biennium.

**2. Help America Vote Act (HAVA) Funding**

The federal Help America Vote Act (HAVA), passed in 2002, provides resources to assist states with improving the administration of Federal elections. HAVA funds can be used as reimbursements for grants to counties, voter education, state plan administration, and statewide voter registration systems. Federal HAVA grants are deposited to General Revenue-Dedicated Fund No. 5095, Election Improvement Fund. The chart to the right shows HAVA grants that Texas has received and the balance of Fund 5095 over time. The balance of HAVA funds at the end of fiscal year 2024 was \$26,738,160 and the SOS states that these funds are expected to be expended by the end of fiscal year 2025. No additional HAVA funds are anticipated for the 2026-27 biennium.

Rider 7, General Revenue-Dedicated Election Improvement Fund No. 5095, provides unexpended balance (UB) authority for HAVA funds held in Fund 5095. The rider amendment included in recommendations directs the office to use UB, or any new HAVA grant, for any allowable expenditures before using General Revenue, and adds a quarterly reporting requirement. The goal of the rider is to prevent the accumulation of a large fund balance in Fund 5095 from Federal grant funds being carried over multiple biennia.



Additionally, recommendations provide \$2,632,008 in General Revenue to replace HAVA funding currently supporting the Texas Election Administration Management (TEAM) system and \$8,475,314 in General Revenue to replace HAVA funding currently supporting county election security audits.

**3. Deletion of Interstate Voter Crosscheck Rider**

Rider 15, Interstate Voter Registration Crosscheck System, restricts \$1.5 million in the 2024-25 biennium for participation in an interstate voter crosscheck system as described under Election Code, Section 18.062. Prior to the 2024-25 biennium, this program was conducted using the Electronic Registration Information Center (ERIC). In the 2024-25 biennium, the rider was modified to apply to any similar system of interstate voter crosscheck. The Secretary of State has indicated the agency will no longer pursue a Section 18.062 arrangement but that interstate crosschecking efforts will be handled through other processes. Recommendations delete the rider but do not remove the funding previously governed by the rider.

**Secretary of State  
Rider Highlights - House**

**Modification of Existing Riders**

1. **Capital Budget.** Recommendations remove one project and modify two projects in this rider:

Subsection a “Acquisition of Information Resource Technologies”:

- o Acquisition of Information Resources Technologies: Adjust project from \$600,000 to \$700,000 for the biennium;
- o Unified Fund Distribution System: Adjust new project from \$5,000,000 in fiscal year 2024 and \$1,809,600 in fiscal year 2025 to \$1,809,600 per fiscal year in the 2026-27 biennium to reflect operating costs; and

Subsection c “Legacy Modernization”:

- o Legacy Replacement – BEST System Phase 2: Remove one-time funding from project; ongoing costs for new system are included in Data Center Services (DCS).

7. **General Revenue-Dedicated Election Improvement Fund No. 5095.** Language added to rider requiring agency to expend balances in Fund 5095 prior to any other MOF and requiring a report on these expenditures.
13. **Notary Fees.** Sum-certain or not-to-exceed appropriation of \$120,000 of Appropriated Receipts in each fiscal year is modified to be an estimated or uncapped appropriation. The agency anticipates that estimated amount will be similar to previous sum certain amount.
14. **Voting System Examination.** Estimated receipts of Appropriated Receipts collected for the examination of voting systems are reduced from \$20,000 to \$18,000 to match historical receipts.
16. **Credit Card Recovery Fees.** Language added specifying that current and future fees may be used for a future transition to Tx.Gov as a credit card processor.

The following riders include recommendations to remove obsolete language and make conforming changes such as updating fiscal years and amounts to reflect funding recommendations: Rider 3, Contingency Appropriation for Constitutional Amendments; Rider 4, Travel Expenditures; Rider 5, Limitation, Primary Finance; Rider 7, General Revenue-Dedicated Election Improvement Fund No. 5095; Rider 9, Voter Identification Education; Rider 10, Unexpended Balances Within the Biennium for Document Filing; Rider 11, Unexpended Balances Between and Within Biennia for Election and Voter Registration; Rider 12, Voter Registration Transfer Limits; Rider 13, Notary Fees; Rider 14, Voting Systems Examination; Rider 15, Unexpended Balances Carried Forward Between Biennia; Rider 16, Credit Card Recovery Fees; and Rider 17, Unexpended Balances: Reimbursement for Auditable Voting Machines.

**Deleted Riders**

15. **Interstate Voter Crosscheck System.** The agency has indicated it is no longer pursuing an interstate agreement as envisaged under Election Code, Section 18.062. Funding previously restricted by this rider remains in the agency bill pattern.

**Secretary of State  
Items Not Included in Recommendations - House**

	2026-27 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2028-29
	GR & GR-D	All Funds	FTEs			

**Agency Exceptional Items Not Included (in agency priority order)**

1)	<p><b>Strengthen Election Security &amp; Integrity</b>                      1) 5.0 FTEs and \$1,405,366 for cybersecurity personnel for Texas Election Administration Management (TEAM) database cybersecurity;                      2) \$568,726 for IT threat intelligence; and                      3) \$1,242,760 for separation of Elections and Business Office 365 systems.</p>	\$3,216,852	\$3,216,852	5.0	Yes	Yes	\$1,405,366
2)	<p><b>Keep Texas Competitive</b>                      1) 10.0 FTEs and \$2,360,504 in General Revenue for additional staff to reduce processing and call center wait times;                      2) 10.0 FTEs and \$3,138,376 in General Revenue for additional staff in contract management, finance/budget, webmaster, data management, and risk assessment;                      3) \$5,240,352 for re-platforming of agency website and chatbot;                      4) \$757,624 for retention of government filings staff; and                      5) \$595,875 for IT staff security related professional development.</p>	\$12,092,731	\$12,092,731	20.0	Yes	Yes	\$6,257,332
3)	<p><b>Address Workspace Needs</b>                      Digitization of existing paper records and microfiche related to the requested renovation of the Rudder Building included as a Texas Facilities Commission (TFC) exceptional item. TFC recommended funding includes \$43.0 million in General Revenue to renovate the Rudder Building.</p>	\$6,958,909	\$6,958,909	0.0	No	Yes	\$0

**Secretary of State  
Items Not Included in Recommendations - House**

		2026-27 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2028-29
		GR & GR-D	All Funds	FTEs			
4)	<b>Agency Information Technology Needs</b> 1) \$5,673,660 for creation of an agency performance indicator dashboard for internal use; 2) \$324,811 for automatic systems for redaction of personal identifying information; 3) \$660,359 for security software; 4) \$175,281 for a risk and privacy program; 5) \$1,414,807 for increased Data Center Services costs; and 6) \$230,000 for a security assessment.	\$8,478,918	\$8,478,918	0.0	Yes	Yes	\$0
<b>TOTAL Items Not Included in Recommendations</b>		<b>\$30,747,410</b>	<b>\$30,747,410</b>	<b>25.0</b>			<b>\$7,662,698</b>



**Secretary of State  
Appendices - House**

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\* Appendix is not included - no significant information to report

**Secretary of State  
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

Strategy/Goal	2024-25 Base	2026-27 Recommended	Biennial Change	% Change	Comments
DOCUMENT FILING A.1.1	\$13,751,397	\$16,366,562	\$2,615,165	19.0%	Increase of \$2,122,553 in Appropriated Receipts due to increased business activity in Document Filing.
DOCUMENT PUBLISHING A.2.1	\$1,202,071	\$1,549,032	\$346,961	28.9%	Increase of \$492,612 in General Revenue, related to the 2024-25 statewide salary adjustments. Decrease of \$122,014 in Appropriated Receipts due to realignment of FTEs and associated funding.
<b>Total, Goal A, INFORMATION MANAGEMENT</b>	<b>\$14,953,468</b>	<b>\$17,915,594</b>	<b>\$2,962,126</b>	<b>19.8%</b>	Increase of \$468,975 in General Revenue, related to the 2024-25 statewide salary adjustments.
ELECTIONS ADMINISTRATION B.1.1	\$33,037,071	\$35,669,079	\$2,632,008	8.0%	Increase of \$2,632,008 in General Revenue for ongoing operation of the TEAM system.
PRIMARY FUNDING/VR POSTAGE B.1.2	\$26,582,377	\$23,610,885	(\$2,971,492)	(11.2%)	Decrease of \$2,018,681 in General Revenue for unexpended balances carried forward to the 2024-25 biennium to reimburse local jurisdictions for election costs.  Decrease of \$3,080,061 in General Revenue reallocated to Strategy D.1.1, Indirect Administration, from professional fees and services provided for one time replacement of a election funds IT system.
CONSTITUTIONAL AMENDMENTS B.1.3	\$2,684,099	\$1,593,299	(\$1,090,800)	(40.6%)	Increase of \$2,127,250 in General Revenue to partially fund agency Exceptional Item 1 to fully support counties for primary elections.  Decrease of \$1,104,913 in General Revenue for removal of additional Rider 3 funding for constitutional amendments above the number assumed in the 2024-25 GAA, offset by an increase of \$14,113 in General Revenue, related to the 2024-25 statewide salary adjustments.
ELECTIONS IMPROVEMENT B.1.4	\$33,376,510	\$15,899,292	(\$17,477,218)	(52.4%)	Decrease of \$25,980,330 in Federal Funds for expenditure of remaining HAVA grant, offset by an increase of \$8,475,314 in General Revenue to replace HAVA funding and \$27,798 in General Revenue related to the 2024-25 statewide salary adjustment.

**Secretary of State  
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

Strategy/Goal	2024-25 Base	2026-27 Recommended	Biennial Change	% Change	Comments
FINANCING VOTER REGISTRATION B.1.5	\$5,777,500	\$5,777,500	\$0	0.0%	
<b>Total, Goal B, ADMINISTER ELECTION LAWS</b>	<b>\$101,457,557</b>	<b>\$82,550,055</b>	<b>(\$18,907,502)</b>	<b>(18.6%)</b>	
PROTOCOL/BORDER AFFAIRS C.1.1	\$545,421	\$567,840	\$22,419	4.1%	Increase in General Revenue, related to the 2024-25 statewide salary adjustments.
<b>Total, Goal C, INTERNATIONAL PROTOCOL</b>	<b>\$545,421</b>	<b>\$567,840</b>	<b>\$22,419</b>	<b>4.1%</b>	
INDIRECT ADMINISTRATION D.1.1	\$47,622,598	\$23,200,275	(\$24,422,323)	(51.3%)	Decrease of \$30,000 in General Revenue for a vehicle purchased in fiscal year 2023.  Decrease of \$24,148,847 in General Revenue for one-time funding provided for BEST Phase 2.  Decrease of \$248,493 in projected Appropriated Receipts.  Increase of \$5,017 in General Revenue, related to the 2024-25 statewide salary adjustments.
<b>Total, Goal D, INDIRECT ADMINISTRATION</b>	<b>\$47,622,598</b>	<b>\$23,200,275</b>	<b>(\$24,422,323)</b>	<b>(51.3%)</b>	
<b>Grand Total, All Strategies</b>	<b>\$164,579,044</b>	<b>\$124,233,764</b>	<b>(\$40,345,280)</b>	<b>(24.5%)</b>	

**Secretary of State  
FTE Highlights - House**

<b>Full-Time-Equivalent Positions</b>	<b>Expended 2023</b>	<b>Actual 2024</b>	<b>Budgeted 2025</b>	<b>Recommended 2026</b>	<b>Recommended 2027</b>
Cap	207.0	291.0	291.0	291.0	291.0
Actual/Budgeted	200.5	230.1	291.0	NA	NA

<b>Schedule of Exempt Positions (Cap)</b>					
Secretary of State, Group 5	\$197,415	\$197,415	\$197,415	\$197,415	\$197,415

Notes:

- a) The State Auditor's Office is the source for the fiscal year 2023 and fiscal year 2024 annual average (actual) FTE levels.
  
- b) The State Auditor's Office Report *Executive Compensation at State Agencies* (Report 25-702, October 2024) does not report market average salary for the Secretary of State. The salary for the Secretary of State is a public policy decision that is not tied directly to the market average for similar professional positions. The agency is not requesting a change in salary for this position.