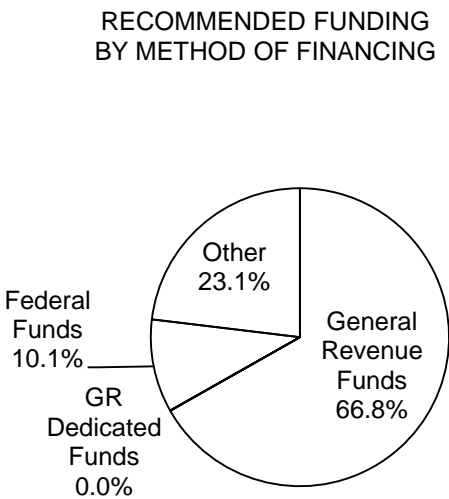


Section 1

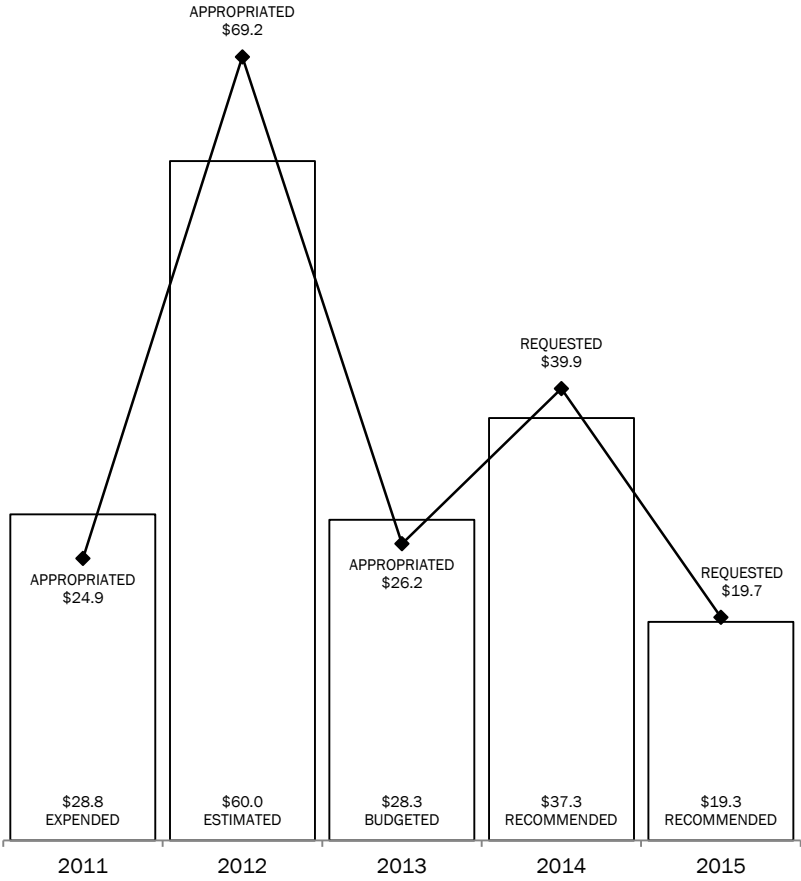
Method of Financing	2012-13 Base	2014-15 Recommended	Biennial Change	% Change
General Revenue Funds	\$37,761,266	\$37,761,265	(\$1)	(0.0%)
GR Dedicated Funds	\$267,403	\$21,666	(\$245,737)	(91.9%)
Total GR-Related Funds	\$38,028,669	\$37,782,931	(\$245,738)	(0.6%)
Federal Funds	\$36,810,548	\$5,707,672	(\$31,102,876)	(84.5%)
Other	\$13,522,686	\$13,056,867	(\$465,819)	(3.4%)
All Funds	\$88,361,903	\$56,547,470	(\$31,814,433)	(36.0%)

	FY 2013 Budgeted	FY 2015 Recommended	Biennial Change	% Change
FTEs	203.0	203.0	0.0	0.0%

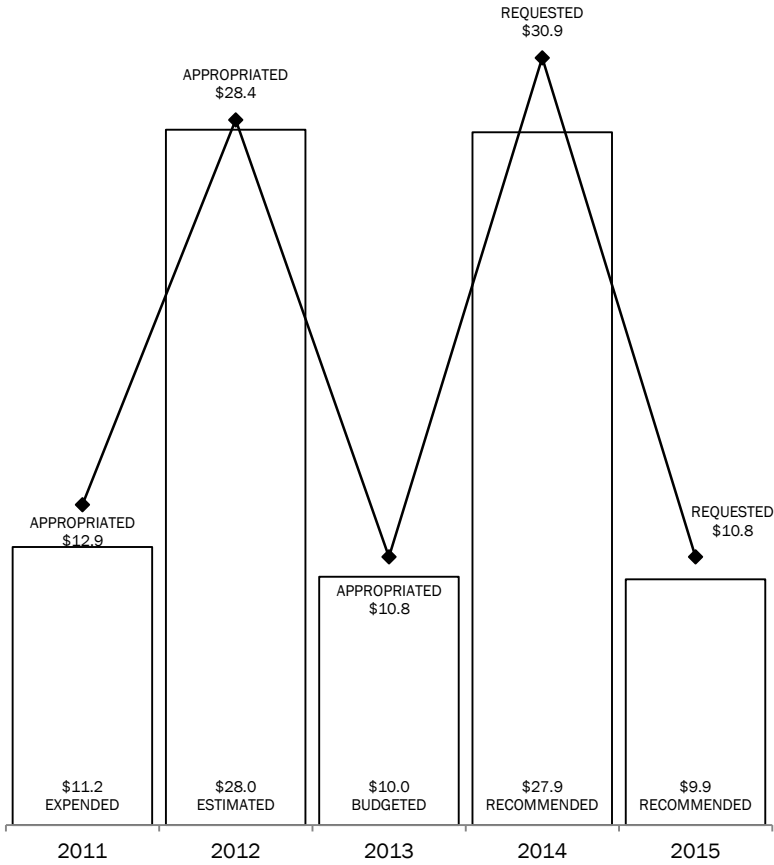
The bill pattern for this agency (2014-15 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2014-15 biennium.



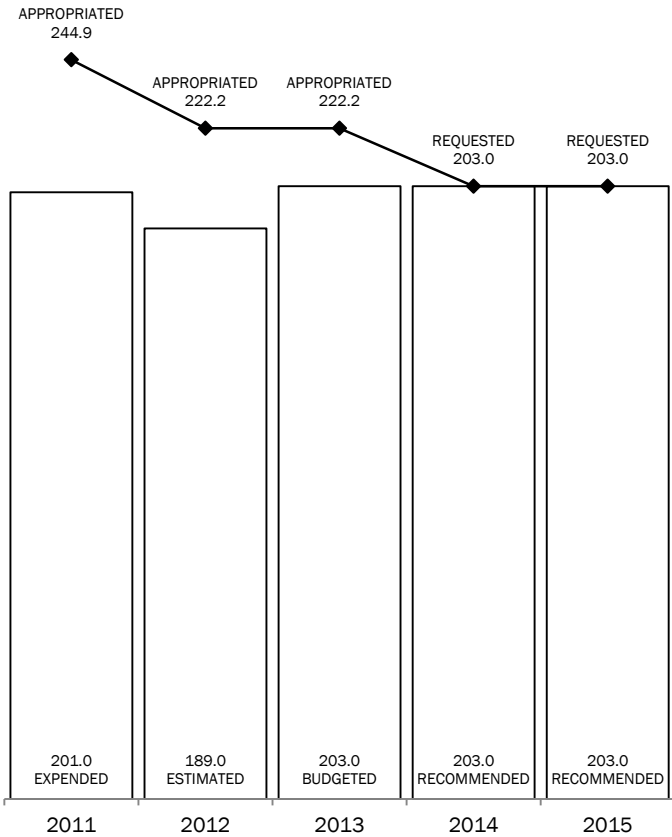
ALL FUNDS



GENERAL REVENUE AND  
GENERAL REVENUE-DEDICATED FUNDS



FULL-TIME-EQUIVALENT POSITIONS



Section 2

Secretary of State  
Summary of Recommendations - Senate, By Method of Finance -- ALL FUNDS

Strategy/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
					Recommendations maintain 2012-13 funding levels for General Revenue (\$37.8 million) to provide for Information Management, Election Laws Administration, International Protocol, and Indirect Administration activities.
DOCUMENT FILING A.1.1	\$13,350,265	\$12,684,309	(\$665,956)	(5.0%)	Recommendations reflect a decrease of \$0.7 million, primarily out of Appropriated Receipts, related to expenditures in the 2012-13 biennium for longevity pay and lump sum payments for separating staff (\$0.2 million), costs to address a backlog of public information updates to business entity files (\$0.3 million), and additional credit card processing payments (\$0.4 million), offset by the end of an agency instituted hiring freeze that lasted from fiscal year 2010 through June 2012 (\$0.2 million).
DOCUMENT PUBLISHING A.2.1	\$915,853	\$907,782	(\$8,071)	(0.9%)	
<b>Total, Goal A, INFORMATION MANAGEMENT</b>	<b>\$14,266,118</b>	<b>\$13,592,091</b>	<b>(\$674,027)</b>	<b>(4.7%)</b>	
ELECTIONS ADMINISTRATION B.1.1	\$4,492,338	\$4,278,731	(\$213,607)	(4.8%)	Recommendations reflect a decrease of \$0.2 million out of Appropriated Receipts due to a decrease of \$0.4 million related to one-time longevity pay and lump sum payments for separating staff, offset by an increase of \$0.2 million for temporary staffing hired to address increases in phone calls and to distribute voter registration applications to the county voter registrars for the general election.
ELECTION/VOTER REGISTRATION FUNDS B.1.2	\$13,351,446	\$13,064,308	(\$287,138)	(2.2%)	Recommendations reflect a decrease of \$0.3 million out of Appropriated Receipts primarily for reimbursements to county political parties for the primary elections in May 2012 and primary runoff elections in July 2012.
CONSTITUTIONAL AMENDMENTS B.1.3	\$1,152,245	\$1,152,245	\$0	0.0%	
ELECTIONS IMPROVEMENT B.1.4	\$36,371,399	\$4,385,630	(\$31,985,769)	(87.9%)	Recommendations reflect a decrease in the amount of funds available for expenditures on Help America Vote Act (HAVA) activities. This includes a decrease of \$31.7 million in Federal Funds and \$0.3 million in General Revenue-Dedicated Election Improvement Fund Account 5095. The recommendations include all revenue and balances available for HAVA, estimated to be \$4.4 million, to operate the program (See Section 3, Select Fiscal and Policy Issues, #1).
VOTER REGISTRATION B.1.5	\$6,000,000	\$6,000,000	\$0	0.0%	
<b>Total, Goal B, ADMINISTER ELECTION LAWS</b>	<b>\$61,367,428</b>	<b>\$28,880,914</b>	<b>(\$32,486,514)</b>	<b>(52.9%)</b>	

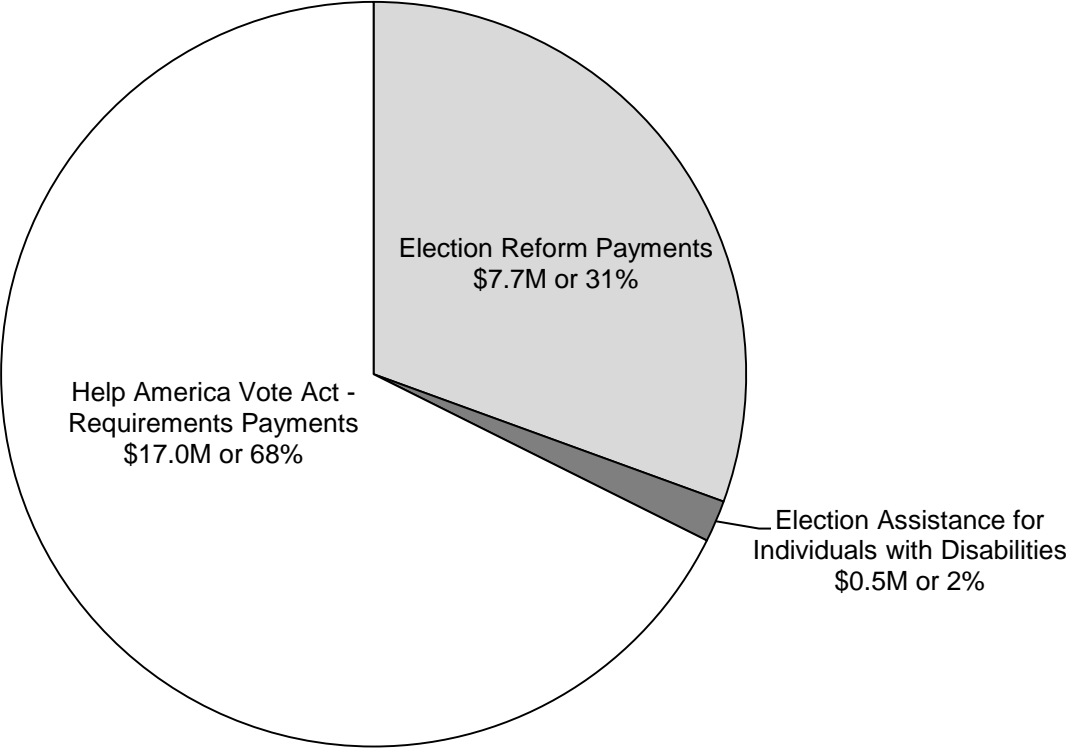
Section 2

Secretary of State  
Summary of Recommendations - Senate, By Method of Finance -- ALL FUNDS

Strategy/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
PROTOCOL/BORDER AFFAIRS C.1.1	\$316,681	\$274,878	(\$41,803)	(13.2%)	
COLONIAS INITIATIVES C.1.2	\$835,944	\$872,720	\$36,776	4.4%	
<b>Total, Goal C, INTERNATIONAL PROTOCOL</b>	<b>\$1,152,625</b>	<b>\$1,147,598</b>	<b>(\$5,027)</b>	<b>(0.4%)</b>	
INDIRECT ADMINISTRATION D.1.1	\$11,575,732	\$12,126,867	\$551,135	4.8%	Recommendations reflect an increase of \$0.6 million in All Funds, primarily due to filling approximately 5.4 vacant FTEs in fiscal year 2013 (\$0.2 million), a planned information technology replacement to replace those systems of at least four years in age (\$0.2 million), and an increase in data center services costs (\$0.1 million). The 5.4 FTEs include two Administrative Assistants, an Information Specialist, a Budget Analyst, and a Network Specialist.
<b>Total, Goal D, INDIRECT ADMINISTRATION</b>	<b>\$11,575,732</b>	<b>\$12,126,867</b>	<b>\$551,135</b>	<b>4.8%</b>	
<b>Grand Total, All Strategies</b>	<b>\$88,361,903</b>	<b>\$55,747,470</b>	<b>(\$32,614,433)</b>	<b>(36.9%)</b>	

Section 3

Secretary of State  
Summary of Federal Funds (Estimated 2012)  
TOTAL = \$25.1M



Note: Due to rounding, total may differ from amounts shown.

## Section 3

### Secretary of State Selected Fiscal and Policy Issues

#### Policy Issues Related to Recommendation:

##### 1. The Help America Vote Act (HAVA) and General Revenue-Dedicated Election Improvement Fund Account 5095.

- The Help America Vote Act (HAVA) was passed by the United States Congress in 2002 in order to assist the states with federal elections. HAVA funds can be used as reimbursements for grants to counties (65-75 percent), voter education (5-10 percent), state plan administration (2-5 percent), and the statewide voter registration system (10-20 percent). HAVA funds are composed of three different Catalog of Federal Domestic Assistance (CFDA) grants: CFDA 39.011 (Election Reform Payments), CFDA 90.401 (HAVA Requirements Payments), and CFDA 93.617 (Voting Access for Individuals with Disabilities).
- The State of Texas was awarded \$190.0 million in federal HAVA funds, which was received in its entirety in 2004. The funds were deposited into General Revenue-Dedicated (GR-D) Election Improvement Fund Account 5095, where it accrues interest. The interest accrued in GR-D Account 5095 is considered State Funds; however, these funds do not count toward certification of the General Appropriations Act and can only be used for HAVA related purposes. Over the years, as HAVA funds have been expended, the interest accrued in the account has decreased.
- The estimated end of fiscal year 2012 GR-D Account 5095 balance is \$25.1 million, and is included in the agency's base. Recommendations, based upon original estimations provided by the agency, include estimated unexpended balances of \$4.4 million for the 2014-15 biennium. More recent figures provided by the agency estimate unexpended balances to be approximately \$10.0 million, which is \$10.6 million less than the Comptroller's Biennial Revenue Estimate of \$20.6 million in fund balances at the end of fiscal year 2013. No additional HAVA funds are expected to be awarded by the federal government during the 2014-15 biennium.

##### 2. Texas Election Administration Management (TEAM) System

- One of the requirements of HAVA, as mentioned above, is to develop, maintain, and operate a HAVA-compliant voter registration system. In response to this requirement, SOS developed the TEAM system. According to the agency some of the server hardware for the TEAM system will be over ten years old by the end of the 2014-15 biennium. As a result, the recommendations include the agency's request for a contingency rider in the agency's bill pattern to allow SOS to use any unexpended balances related to HAVA above the estimated amount of \$4.4 million in Federal Funds, not to exceed \$800,000, for upgrading the TEAM system, with approval of the Legislative Budget Board and the Governor (See Rider 10, Contingency Appropriation for Texas Election Administration Management System Upgrade).

Section 3

Secretary of State  
FTE Highlights

Full-Time-Equivalent Positions	Expended 2011	Estimated 2012	Budgeted 2013	Recommended 2014	Recommended 2015
Cap	244.9	222.2	222.2	203.0	203.0
Actual/Budgeted (a)	201.0	189.0	203.0	NA	NA
Schedule of Exempt Positions (Cap)					
Secretary of State, Group 5 (b)	\$125,880	\$125,880	\$125,880	\$125,880	\$125,880

(a) The reduction in FTEs from fiscal year 2011 to fiscal year 2012 is due to an agency instituted hiring freeze from fiscal year 2010 through fiscal year 2012. Additional FTEs in fiscal year 2013 account for positions for which the agency has filled and plans to fill. Filled positions in fiscal year 2013 include a Program Specialist, a Network Specialist, and an Information Specialist. The remaining 11.0 FTEs for which the agency plans to fill are Administrative Assistants in the divisions of Elections, Human Resources, Uniform Commercial Code, Notary, Corporations, and Revenue.

(b) State Auditor's Office Report 12-708, *Report on Executive Compensation at State Agencies* , excludes the Secretary of State from its analysis.

Section 3

Secretary of State  
Performance Measure Highlights

		Expended 2011	Estimated 2012	Budgeted 2013	Recommended 2014	Recommended 2015
•	Number of Processed Requests for Information on Business, Commercial, and Public Filings (a)	8,257,958	5,249,844	5,291,945	5,291,945	5,291,945
	Measure Explanation: Measures the count of information requests, which include: telephone requests; Secretary of State Direct and Business Entity Filing System of Texas (BEST) inquiries; web searches; orders for certificates; certified copies and plain copies; information letters; e-mail responses; and searches submitted through Extensible Markup Language (XML) web services.					
•	Average cost per Business, Commercial, and Public Filings Transaction and Public Information Request (b)	\$ 0.94	\$ 1.28	\$ 1.06	\$ 1.41	\$ 1.41
	Measure Explanation: Measures the average cost per business, commercial, and public filings transactions and public information requests.					

- (a) Recommendations reflect the estimated number of processed requests for information on business, commercial, and public filings for fiscal year 2012. The decrease from fiscal year 2011 is a result of a corrected estimate based upon the discovery of an entity performing data mining, which artificially inflated fiscal year 2011 numbers. The difference between the recommended and estimated figures is due to an update in fiscal year 2012 figures after the recommendations were made.
- (b) Recommendations reflect the average cost per business, commercial, and public filings transactions and public information request adjusted to a decreased number of processed requests for information on business, commercial, and public filings. These figures resemble those for the same measure as found in the 2010-11 General Appropriations Act.



Section 4

Secretary of State (SOS)  
Performance Review and Policy Report Highlights

Reports & Recommendations	Report Page	Savings/ (Cost)	Gain/ (Loss)	Fund Type	Included in Introduced Bill	Action Required During Session
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NO RELATED RECOMMENDATIONS

**Section 5**

**Secretary of State  
Rider Highlights**

- 10. (old) **Contingency Appropriation Requiring Statutory Changes.** Delete rider due to legislation related to awarding a contract for printing session laws not passing.
  
- 10. (new) **Contingency Appropriation for Texas Election Administration Management System Upgrade.** Add a contingency rider that allows the Secretary of State to spend up to \$800,000 out of Federal Funds above estimated unexpended balances, related to HAVA, to upgrade the TEAM system.
  
- 11. (revised) **Contingency Appropriation for Senate Bill 14 Related to Voter Identification.** Revise rider to continue identified funding for voter identification purposes in the 2014-15 biennium.
  
- 12. (old) **Contingent Revenue for Data Center Services.** Delete rider due to the contingent revenue not being necessary as the Data Center Services are expected to be within the agency's appropriation authority for the current biennium.

Section 6

Secretary of State  
Items not Included in Recommendations - Senate

Agency Exceptional Items - In Agency Priority Order

		2014-15 Biennial Total	
		GR & GR-Dedicated	All Funds
1. Legacy Application Remediation		\$ 686,000	\$ 686,000
Funding for contract resources to assist agency information technology (IT) staff in upgrading software associated with the Business Entity and Secured Transaction (BEST) system.			
2. Information Security Enhancements		\$ 3,200,000	\$ 3,200,000
Funding for the implementation of information security enhancements.			
<u>Rider Requests:</u>			
3. Unexpended Balance Authority			
a) Include authority to carry forward across biennia all unexpended balances out of Appropriated Receipts in Strategy A.1.1, Document Filing. Excess Appropriated Receipts are currently lapsed at the end of each fiscal year to unappropriated General Revenue.		\$ -	\$ 400,000
b) Include authority for all unexpended balances between fiscal years 2014 and 2015 in Strategy A.1.1, Document Filing.			
c) Include authority to carry forward across biennia all unexpended balances out of General Revenue (estimated to be \$0) in Strategy B.1.2, Election/Voter Registration Funds.		\$ -	\$ -
Total, Items Not Included in the Recommendations		\$ 3,886,000	\$ 4,286,000