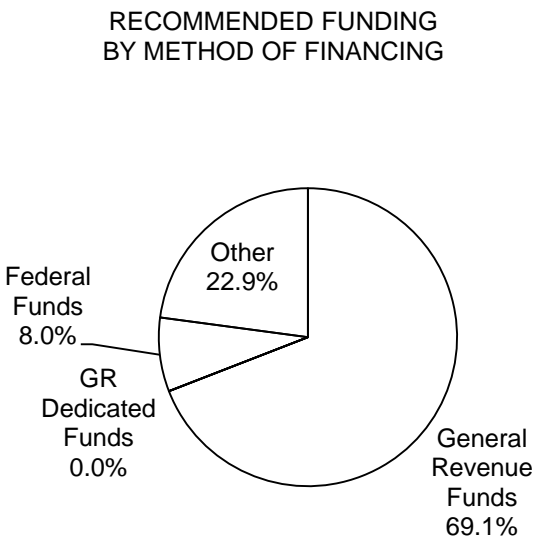


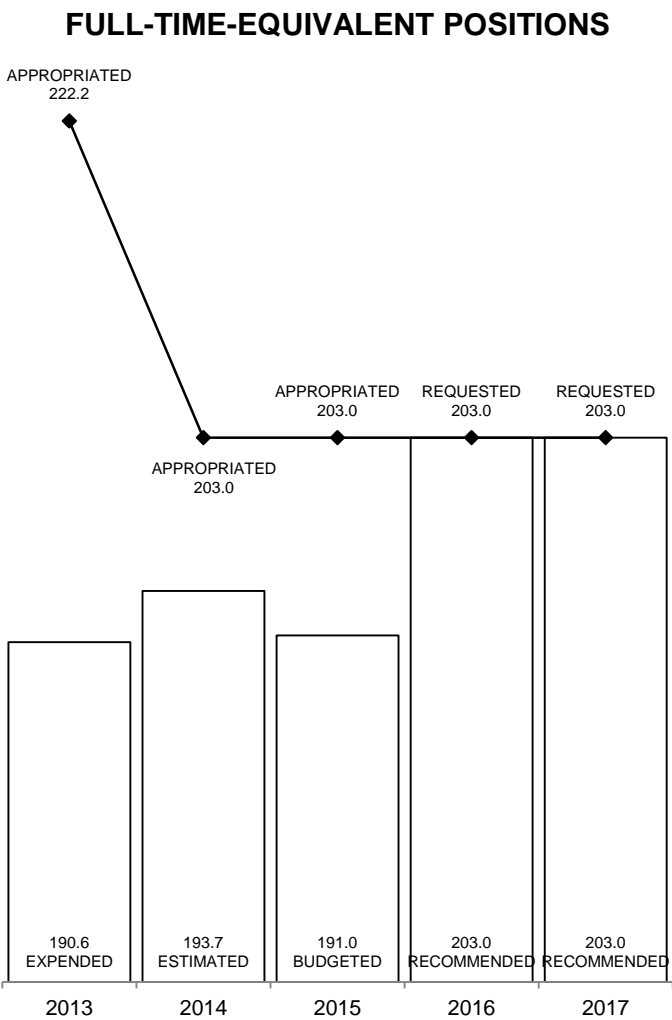
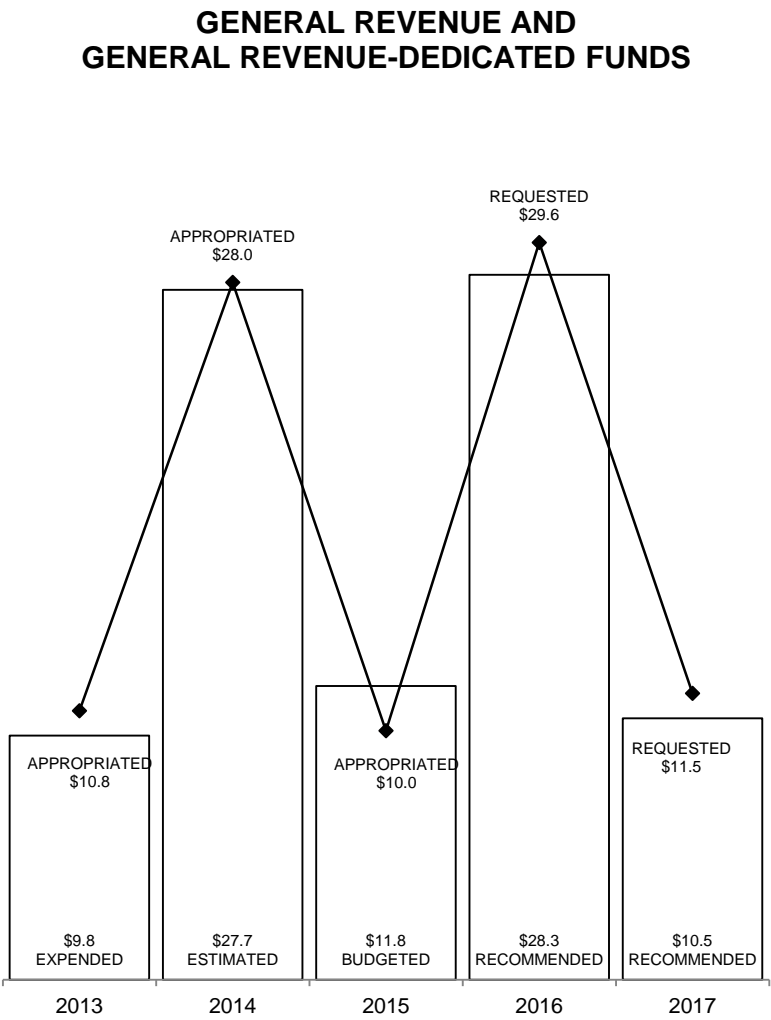
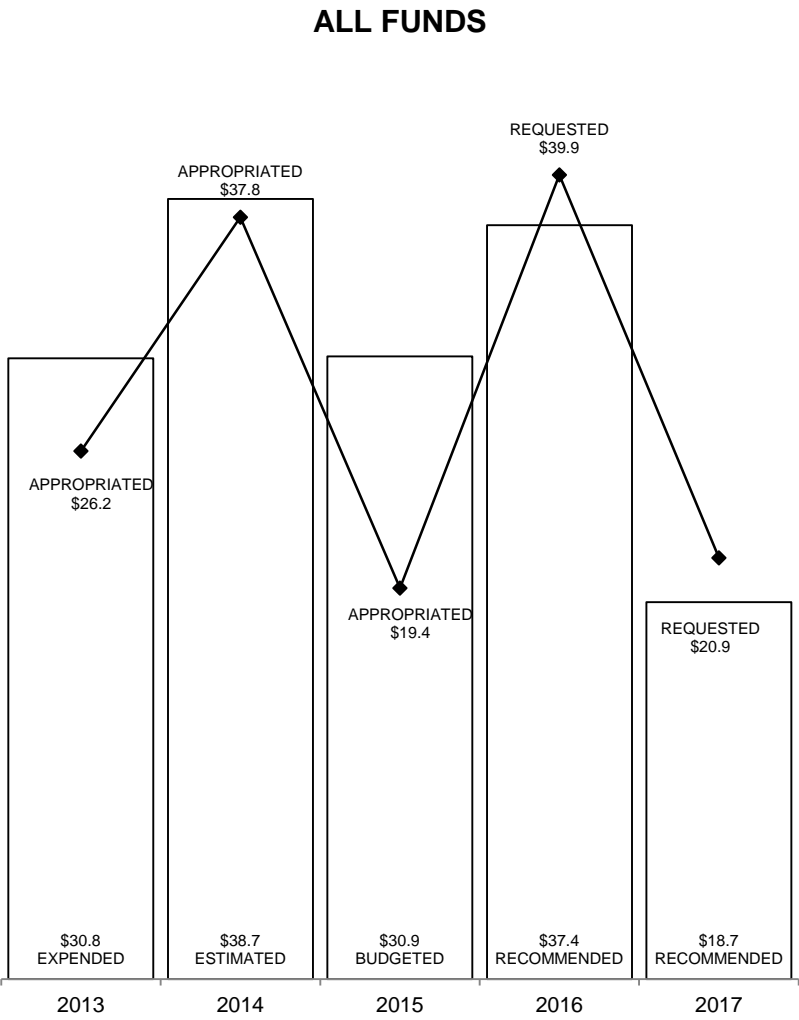
Section 1

Method of Financing	2014-15 Base	2016-17 Recommended	Biennial Change	% Change
General Revenue Funds	\$39,431,739	\$38,782,290	(\$649,449)	(1.6%)
GR Dedicated Funds	\$21,666	\$10,362	(\$11,304)	(52.2%)
Total GR-Related Funds	\$39,453,405	\$38,792,652	(\$660,753)	(1.7%)
Federal Funds	\$16,623,611	\$4,490,360	(\$12,133,251)	(73.0%)
Other	\$13,544,532	\$12,844,532	(\$700,000)	(5.2%)
All Funds	\$69,621,548	\$56,127,544	(\$13,494,004)	(19.4%)

	FY 2015 Budgeted	FY 2017 Recommended	Biennial Change	% Change
FTEs	191.0	203.0	12.0	6.3%

The bill pattern for this agency (2016-17 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2016-17 biennium.





Section 2

Secretary of State					
Summary of Recommendations - Senate, By Method of Finance -- ALL FUNDS					
Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
DOCUMENT FILING A.1.1	\$12,680,885	\$12,724,976	\$44,091	0.3%	
DOCUMENT PUBLISHING A.2.1	\$841,835	\$960,623	\$118,788	14.1%	
Total, Goal A, INFORMATION MANAGEMENT	\$13,522,720	\$13,685,599	\$162,879	1.2%	
ELECTIONS ADMINISTRATION B.1.1	\$4,359,066	\$4,540,530	\$181,464	4.2%	Recommendations reflect a \$0.2 million increase in General Revenue reallocated from Strategy D.1.1, Indirect Administration for costs associated with maintenance of the Texas Election Administration Management (TEAM) system.
ELECTION/VOTER REGISTRATION FUNDS B.1.2	\$14,082,394	\$14,082,395	\$1	0.0%	
CONSTITUTIONAL AMENDMENTS B.1.3	\$2,238,981	\$1,152,245	(\$1,086,736)	(48.5%)	Recommendations reflect a decrease of \$1.1 million in General Revenue from Strategy B.1.3, Constitutional Amendments, related to contingency appropriations for proposed constitutional amendments that were published in English and Spanish and mailed to registered voter households in the 2014-15 biennium.
ELECTIONS IMPROVEMENT B.1.4	\$16,645,277	\$4,500,722	(\$12,144,555)	(73.0%)	Recommendations reflect a decrease in the amount of funds available for expenditures on Help America Vote Act (HAVA) activities. This includes a decrease of \$12.1 million in Federal Funds and \$11,304 in General Revenue-Dedicated Election Improvement Fund Account No. 5095. The recommendations include all revenue and balances available for HAVA, estimated to be \$4.5 million, to operate the program (See Section 3, Select Fiscal and Policy Issues, #2).
VOTER REGISTRATION B.1.5	\$5,905,000	\$6,000,000	\$95,000	1.6%	
Total, Goal B, ADMINISTER ELECTION LAWS	\$43,230,718	\$30,275,892	(\$12,954,826)	(30.0%)	
PROTOCOL/BORDER AFFAIRS C.1.1	\$312,693	\$367,791	\$55,098	17.6%	
COLONIAS INITIATIVES C.1.2	\$803,639	\$929,088	\$125,449	15.6%	
Total, Goal C, INTERNATIONAL PROTOCOL	\$1,116,332	\$1,296,879	\$180,547	16.2%	Recommendations reflect a \$0.2 million increase in General Revenue due to full staffing of Border Affairs and expected increase in travel to Colonias regions along the border.

Section 2

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

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
INDIRECT ADMINISTRATION D.1.1	\$11,751,778	\$10,869,174	(\$882,604)	(7.5%)	Recommendations reflect a \$0.9 million decrease in Appropriated Receipts for the agency's baseline request for information technology acquisition (\$0.7 million) and reallocation to other strategies primarily for Information Management (\$0.2 million). Recommendations also reflect a reallocation of \$0.3 million in General Revenue to various strategies offset by an increase of \$0.3 million in General Revenue to maintain current obligations for Data Center Services.
Total, Goal D, INDIRECT ADMINISTRATION	\$11,751,778	\$10,869,174	(\$882,604)	(7.5%)	
Grand Total, All Strategies	\$69,621,548	\$56,127,544	(\$13,494,004)	(19.4%)	Recommendations include an increase of \$145,287 in General Revenue for the biennialization of the fiscal year 2015 statewide salary increases across all strategies.

**Secretary of State
Selected Fiscal and Policy Issues – Senate**

1. Appropriated Receipts.

The Secretary of State (SOS) is charged with collecting over 200 different fees for the State of Texas, including fees for elections, business filings, notary publics, uniform commercial codes, and various other fees. Approximately 10.0 percent of the revenue from fees is appropriated to SOS, as Appropriated Receipts with the remaining amount deposited into General Revenue. In fiscal year 2014, \$8.1 million was appropriated to SOS out of fees collected, with \$83.5 million deposited into General Revenue.

Recommendations do not include an increase in Appropriated Receipts for various fees collected but not appropriated to the agency. Appropriation of these fees would reduce the amount deposited in General Revenue and would cost the bill.

Recommendations do not include the agency’s request of Appropriated Receipts for \$905,048 for 7.0 programmers to maintain data updates to the TEAM system and \$0.7 million for computer equipment replacement. Recommendations do not continue the agency’s carry forward across biennia of \$400,000 in Appropriated Receipts in Strategy A.1.1, Document Filing.

2. The Help America Vote Act (HAVA) and General Revenue-Dedicated Election Improvement Fund Account No. 5095.

- Recommendations include a decrease of federal HAVA funds of \$12.1 million for the 2016-17 biennium. The agency estimates that the HAVA funds are expected to be expended in fiscal year 2017. Secretary of State staff has indicated that additional funding would be needed to continue HAVA related activities such as improving administration of federal elections; making grants to counties to comply with HAVA mandates; and creating a uniform, official, centralized, computerized statewide voter registration list.
- 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). Expenditures of HAVA funds are estimated to be \$16.6 million for the 2014-15 biennium. Recommendations include \$4.5 million from HAVA funds, primarily for the state’s maintenance of the TEAM system.
- 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 No. 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.

Section 3

- Texas appears to be compliant with HAVA requirements. However, the Secretary of State's office indicates that maintenance of the required computerized statewide voter registration list is necessary to ensure continued HAVA compliance at the state level. The cost for counties to maintain voting systems for elections to comply with HAVA is unknown.

3. 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. With funding from the 2014-15 biennium, SOS started to upgrade the TEAM system in August 2014. The upgrade is due to be completed in August 2015. Ongoing management of the project is expected to be needed. The agency signed a seven-year contract for maintenance of the system at an annual cost of \$1.5 million per year for up to 320 hours per year of maintenance. There is an option to extend the contract for another 3 years at the same rate. Maintenance includes the outsourcing of operations, 1st level help desk, technical support, operations, and hosting (incl. hardware).

Currently, 215 counties use TEAM with a direct, online web interface that is provided and maintained by SOS. 39 Texas counties use a private vendor for their voter registration responsibilities. Each “offline” vendor provides the user interface for their client counties and then exchanges files with TEAM overnight in order to ensure that the statewide voter registration database remains current.

The federal government supplied funds to each state to assist them with this project. As noted above, the federal HAVA funds are expected to be expended in fiscal year 2017.

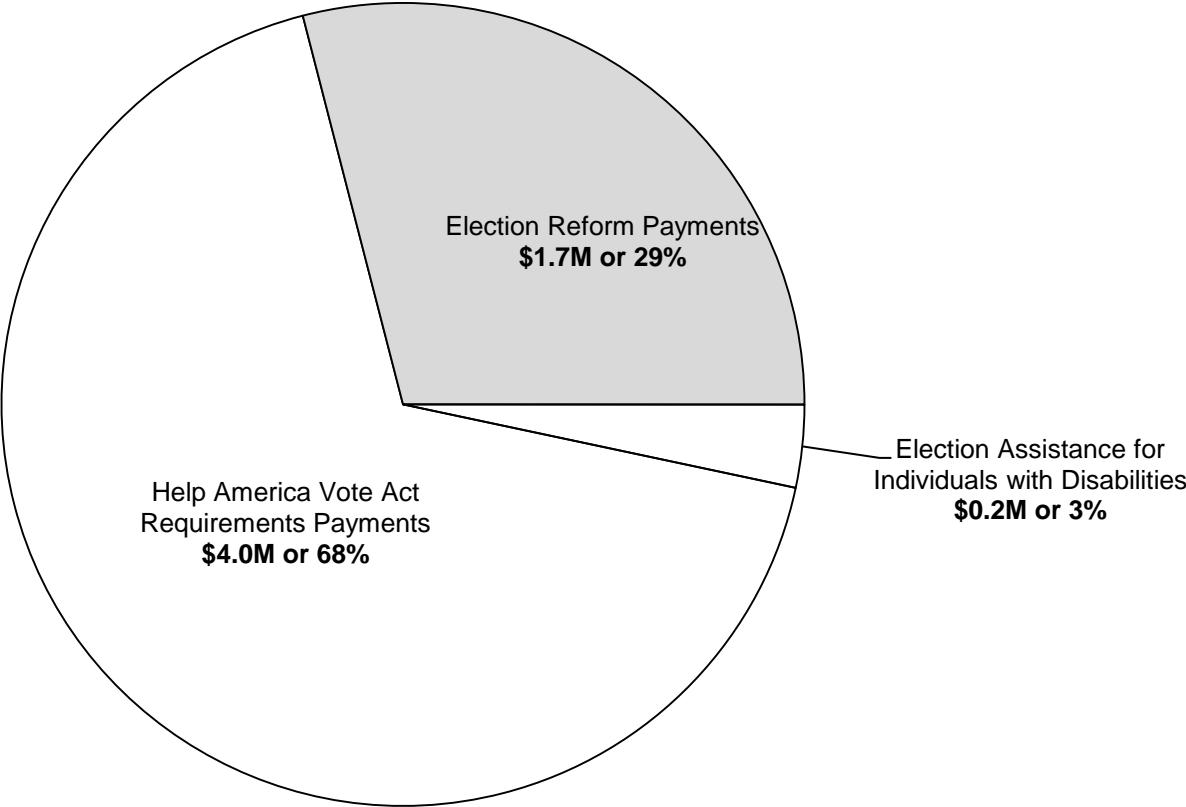
4. Senate Bill 14 Voter Identification

In the 2014-15 biennium, the agency expended \$2.0 million out HAVA funds for a voter education campaign that included Voter ID awareness drawn from federal HAVA funds. The voter education campaign included advertising on television, radio, print and digital media. The agency purchased time slots for television and radio ads and negotiated to play the ads as public service announcements. In addition to paid media, the agency developed a public relations campaign that included press releases, opinion editorials, satellite media tours, personal visits by the Secretary across Texas, and extensive use of social media on the Vote Texas Twitter, Facebook, Instagram and YouTube accounts. The website, VoteTexas.gov, was the portal to the voter education campaign and included information on photo ID requirements, voting options, and mobile EIC stations.

Rider 9, Senate Bill 14: Related to Voter Identification, requires the agency to allocate available funds to continue voter education activities. Due to anticipated expenditures out of HAVA funds for upgrades to the TEAM system, the agency may need General Revenue to continue to provide voter education activities.

Section 3

Secretary of State
Summary of Federal Funds (Estimated 2014) - Senate
TOTAL = \$5.9M



Section 3

Secretary of State
Significant Federal Funds Changes - Senate

CFDA No.	Program Name	2014-15 Base	2016-17 Recommended	Recommended Over/(Under) Base	Comments
39.011.000	Election Reform Payments	\$1,907,413	\$135,100	(\$1,772,313)	
90.401.000	Help America Vote Act - Requirements Payments	\$13,284,863	\$4,140,260	(\$9,144,603)	
93.617.000	Election Assistance for Individuals with Disabilities	\$1,431,335	\$215,000	(\$1,216,335)	

Section 3

Secretary of State
FTE Highlights - Senate

Full-Time-Equivalent Positions	Expended 2013	Estimated 2014	Budgeted 2015	Recommended 2016	Recommended 2017
Cap	222.2	203.0	203.0	203.0	203.0
Actual/Budgeted	190.6	193.7	191.0	NA	NA
Schedule of Exempt Positions (Cap)					
Secretary of State, Group 5	\$125,880	\$127,139	\$129,682	\$129,682	\$129,682

The agency is not requesting any changes to its Exempt Position.

The State Auditor's Office report, *Executive Compensation at State Agencies* (Report No. 14-705, August 2014) excluded positions at higher education institutions and legislative agencies (except for the State Auditor, which was included for purposes of comparison), elected officials, the Secretary of State, and the courts.

Section 4

Secretary of State
Performance Review and Policy Report Highlights - Senate

Reports & Recommendations	Savings/ (Cost)	Gain/ (Loss)	Fund Type	Included in Introduced Bill	Action Required During Session
---------------------------	--------------------	-----------------	--------------	--------------------------------	--------------------------------

NO RELATED RECOMMENDATIONS

Section 5

**Secretary of State
Rider Highlights - Senate**

- 2. (revise) **Capital Budget.** Revise rider to reflect recommended capital projects for the 2016-17 biennium.
- 7. (revise) **General Revenue-Dedicated Election Improvement Fund No. 5095.** Revise rider to reflect estimated balances and interest remaining in the General Revenue-Dedicated Election Improvement Account No. 5095
- 9. (delete) **Contingency Appropriation for TEAM System Upgrade.** Delete old rider which allows expenditures of approximately \$0.8 million in unexpended balances out of Federal Funds related to Help America Vote Act (HAVA) to upgrade Texas Election Administration Management (TEAM).
- 9. (revise) **Senate Bill 14: Related to Voter Identification.** Revise rider to remove contingency related to approval by the federal government of HAVA funds for voter education use.
- 11. (delete) **Unexpended Balances Between Biennia for Document Filing.** Delete old rider which provides unexpended balance authority for fees collected in Strategy A.1.1, Document Filing.
- 12. (new) **Voter Registration Transfer Limits.** Add rider that clarifies estimated appropriation in Strategy B.1.5, Payments to Counties for Voter Registration, cannot be transferred to other items of appropriation.

Section 6

Secretary of State
Items not Included in Recommendations - Senate

	2016-17 Biennial Total	
	GR & GR-Dedicated	All Funds
Agency Exceptional Items - In Agency Priority Order		
1. Increase General Revenue to various strategies for salaries and wages, professional fees and services, and other operating expenses, for operations and to allow the agency to fill vacancies up to the 203.0 FTE cap.	\$ 794,736	\$ 794,736
2. Increase General Revenue to provide full voter education activities. Revise and rename Rider 9, Senate Bill 14: Related to Voter Identification.	\$ 5,000,000	\$ 5,000,000
3. Restore Capital Budget funding in Strategy D.1.1, Indirect Administration, in Appropriated Receipts from Fees for Copies and Filings of Records, for acquisition of information technology equipment. This includes replacement of 200 Desktops, 30 Laptops, 20 Printers, 10 Scanners, 5 Tablets, 4 Projectors, 4 Microfiche Readers, and Networking Equipment.	\$ -	\$ 700,000
4. New rider to exempt agency from Article IX, Sec. 14.01, Appropriation Transfers, to allow General Revenue transfers between Strategy C.1.1, Protocol/Border Affairs and Strategy C.1.2, Colonias Initiatives without limitation.	\$ -	\$ -
5. Restore and increase authority to carry forward across biennia unexpended balances of fees collected for various business and legislative filings and document filing activities for various operating expenses in Strategy A.1.1, Document Filing.	\$ -	\$ 600,000
6. Reallocate \$206,174 in Federal Funds from Strategy B.1.4, Elections Improvement, to Strategy D.1.1, Indirect Administration.	\$ -	\$ -
7. Increase Appropriated Receipts from notary fees collected per Government Code Chapter 406.007(a)(2) to education and enforcement activities.	\$ -	\$ 240,000
8. Increase Appropriated Receipts from fees collected for the examination of voting systems as allowed by Election Code Chapter 122 for voting systems equipment.	\$ -	\$ 40,000
Total, Items Not Included in the Recommendations	\$ 5,794,736	\$ 7,334,736

Section 7

Secretary of State
Summary of 10 Percent Biennial Base Reduction Options - Senate

Priority	Item	Description/Impact	Biennial Reduction Amounts					Included in Intro Bill?
			GR and GR-Dedicated	All Funds	FTEs	Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	
1	Grants to Counties	According to the Agency: This reduction in the grant payments made county voter registrars would require an amendment to the Texas Election Code Section 19.002. To achieve this budget reduction the statutory reimbursement rates would have to be reduced to approximately 90.0 percent of the current rates by the 84th Legislature.Sec. 19.002. PAYMENTS. (a) Each registrar is entitled to receive the sum of the following amounts:(1) 25 cents multiplied by the number of initial registrations certified under Section 19.001(a)(1);(2) 40 cents multiplied by the number of canceled registrations certified under Section 19.001(a)(2); (3) 40 cents multiplied by the number of updated registrations under Section 19.001(a)(3); and(4) in each even-numbered year, 40 cents multiplied by the difference between the number of registered voters and the number of initial registrations certified for the two previous voting years.Strategy: 2-1-5 Payments to Counties for Voter Registration Activity. Estimated.	\$1,613,571	\$1,613,571		\$0	27%	No
2	Grants to County Political Parties	According to the Agency: This reduction will require legislative action to amend the primary election financing provisions in Election Code Section 173. The Office may serve as a resource to the Legislature should this reduction be considered.	\$1,221,485	\$1,221,485		\$0	9%	No
3	Publish Constitutional Amendments	According to the Agency: Publication of explanatory statements in the newspapers of the state is mandated by Article 17, Section 1 of the Texas Constitution. The agency will work cooperatively with the Office of the Attorney General to reduce the length of the explanatory statements to be printed in the newspapers of the state. More concise explanatory statements significantly reduce newspaper publication costs. In the longer run, alternative methods of informing Texas citizens about proposed amendments should be explored. Strategy: 2-1-3 Publish and Interpret Constitutional Amendments	\$150,100	\$150,100		\$0	13%	No
4	Program Travel	According to the Agency: Reduction of Travel expenses diminishes the ability of the agency to serve customers including elections administrators, voter registrars, the business, financial, and legal communities, and colonia residents.	\$129,200	\$129,200		\$0	1%	No
5	State Agency Administration	According to the Agency: The reduction of 4 FTEs in the agency's administrative and support operations results will cause insufficient administrative and financial control and accountability. Strategy: 4-1-1 Indirect Administration.	\$455,117	\$455,117	4.0	\$0	5%	No

Section 7

Secretary of State
Summary of 10 Percent Biennial Base Reduction Options - Senate

Biennial Reduction Amounts								
Priority	Item	Description/Impact	GR and GR-Dedicated	All Funds	FTEs	Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Included in Intro Bill?
6	Improve Living Conditions Colonias	According to the Agency: The reduction of 1 FTEs in the colonias initiative will reduce the effectiveness of the strategy by limiting the monitoring of funded projects and reducing the capacity to advocate on behalf of colonia residents. Strategy: 3-1-2 Improve Physical Living Conditions in Colonias.	\$90,000	\$90,000	1.0	\$0	10%	No
7	Business and Public Filings	According to the Agency: This reduction will decrease the number of documents that can be filed, increase document turnaround time, impede the creation of new business entities, slow collection and deposits of revenue. Strategy: 1-1-1 File/Reject Statutory Filings.	\$148,645	\$148,645	2.0	\$0	6%	No
8	State Election Administration	According to the Agency: This reduction will promote the use of online services for Voter Registration. Strategy: 2-1-1, Election Administration.	\$100,000	\$100,000		\$0	3%	No
TOTAL, 10% Reduction Options			<u>\$3,908,118</u>	<u>\$3,908,118</u>	<u>7.0</u>	<u>\$0</u>		

Secretary of State
Summary of 10 Percent Biennial Base Reduction Options - Senate
Agency 10% Reduction Options by Category of Reduction

