

Colorado Department of State
Strategic Plan and Budget Request

FY 2005-06



Submitted November 1, 2004

Donetta Davidson
Secretary of State

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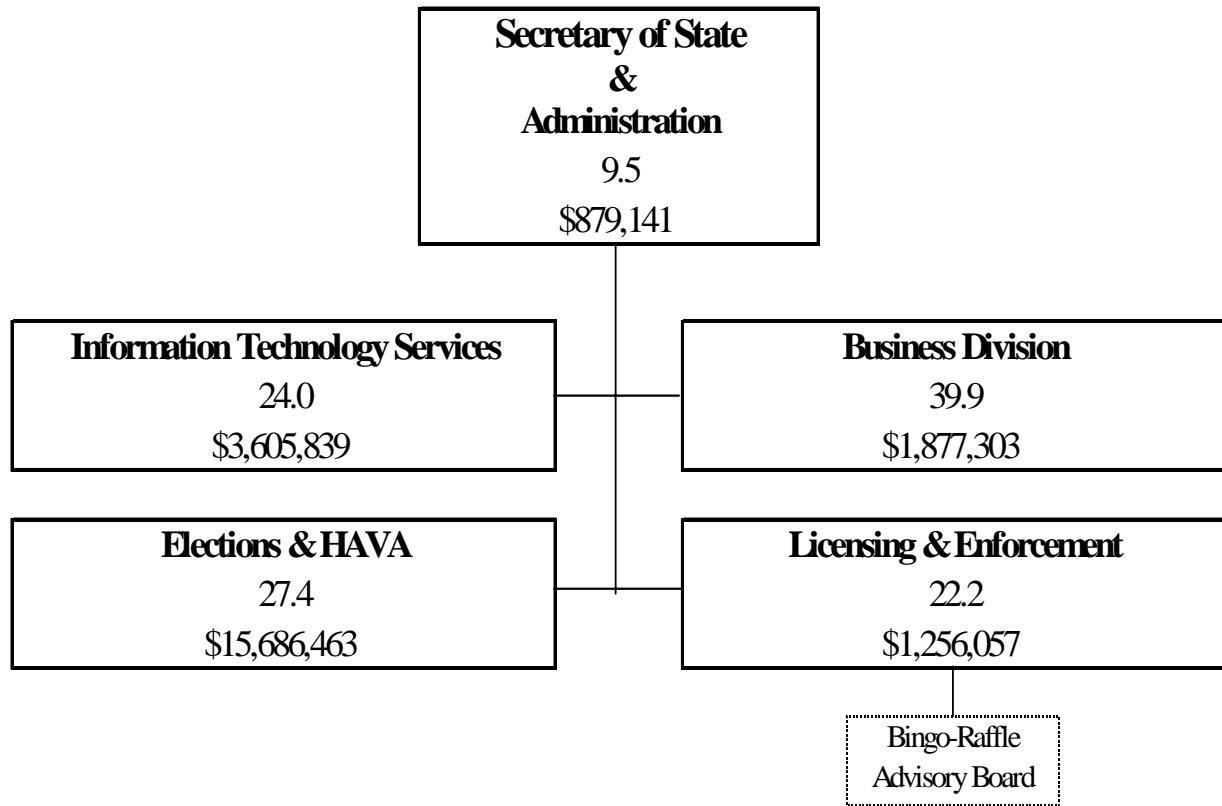
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COLORADO DEPARTMENT OF STATE

Organization Chart

FY 2004-05



Totals:

123.0 FTE

\$23,304,803 P.S. & Operating

(Each dollar amount shown above is the sum of the appropriations for Personal Services and Operating Expenses.)

Department of State Mission Statement

The mission of the Department of State is to serve the public by performing constitutional and statutory duties of collecting, securing, and communicating information, ensuring the integrity of elections, and enhancing commerce.

Department of State Vision Statement

The vision of the Department of State is to provide accurate and reliable information through improved services to our customers. The Department of State will use technology to increase access, reduce fees, and provide easier and faster service to the public.

Schedule 11.A
Cash Fund Status for: Department of State -- 200
C.R.S. Citation: 24-21-104

Cash Fund Revenue and Expenditure Trend Information

	Actual FY 2002-03	Actual FY 2003-04	Estimate FY 2004-05	Request FY 2005-06	Projected FY 2006-07
Beginning Balance	4,632,392	7,212,099	7,193,088	2,337,285	2,034,115
Exempt Revenue					
Non-Exempt Revenue	9,861,865	14,197,332	9,309,558	12,024,800	12,024,800
Total Expenditures	9,945,685	12,483,266	14,165,361	12,327,970	12,327,970
Ending Balance	7,212,099	7,193,088	2,337,285	2,034,115	2,034,115
Reserves Increase/Decrease	2,579,707	1,714,066	(4,855,803)	(303,170)	(303,170)

Fee Levels

	Actual FY 2002-03	Actual FY 2003-04	Estimate FY 2004-05	Request FY 2005-06	Projected FY 2006-07
Specific fees too numerous to list, available upon request.					

Cash Fund Reserve Balance

	FY 2001-02	FY 2002-03	FY 2003-04
Uncommitted Fee Reserve Balance (total reserve balance minus exempt assets and previously appropriated funds; calculated based on % of revenue from fees)	4,447,389	7,212,099	7,193,088
Target/Alternative Fee Reserve Balance (amount set in statute or 16.5% of total expenses)	1,641,038	1,641,038	2,059,739
Excess Uncommitted Fee Reserve Balance			5,133,349
Statutory Deadline for Complying with the Target/Alternative Reserve Balance: June 30, 2005			

Cash Fund Narrative Information

Purpose/Background of Fund	The duty of the Secretary of State to charge fees for filing each body and corporate and politic document, for filing each facsimile signature, each official certificate, administering each oath, all transcripts or copies of papers and records.
Fee Sources	Business Entity Filings, Bingo / Raffle Fines and Fees, Campaign Finance reporting.
Non-Fee Sources	
Long Bill Groups Supported by Fund	Administration, Special Purpose and Information Technology Fund.
Statutory or Other Restriction on Use of Fund	24-21-104
Revenue Drivers	Number of Filings both paper and electronic
Expenditure Drivers	New Legislation, personal Services, Operating, Legal Services and Leased Space
Assessment of Potential for Compliance	The Department has taken action on reducing this cash fund by offering discounted fees for on line filing customers.
Action	<input type="checkbox"/> Already in Compliance <input type="checkbox"/> Statute Change ¹ <input type="checkbox"/> Planned Fee Reduction ¹ <input type="checkbox"/> Planned One-time Expenditure(s) ¹ <input type="checkbox"/> Planned Ongoing Expenditure(s) ¹ <input checked="" type="checkbox"/> Waiver ²
1. If plan is needed to meet compliance deadline, attach Form 11.B. 2. If pursuing a waiver, attach Form 11.C.	

Schedule 11.A
Cash Fund Status for: Notary Administration – 20N
C.R.S. Citation: 12-55-102.5

Cash Fund Revenue and Expenditure Trend Information

	Actual FY 2002-03	Actual FY 2003-04	Estimate FY 2004-05	Request FY 2005-06	Projected FY 2006-07
Beginning Balance	315,983	255,525	525,889	64,698	28,404
Exempt Revenue					
Non-Exempt Revenue	275,302	431,633	146,892	148,498	90,968
Total Expenditures	335,886	161,269	392,107	172,148	102,148
Ending Balance	255,525	525,889	64,698	28,404	16,854
Reserves Increase/Decrease	60,458	270,364	(245,215)	(23,650)	(11,180)

Fee Levels

	Actual FY 2002-03	Actual FY 2003-04	Estimate FY 2004-05	Request FY 2005-06	Projected FY 2006-07
Specific fees too numerous to list, available upon request.					

Cash Fund Reserve Balance

	FY 2001-02	FY 2002-03	FY 2003-04
Uncommitted Fee Reserve Balance (total reserve balance minus exempt assets and previously appropriated funds; calculated based on % of revenue from fees)	289,980	255,525	525,889
Target/Alternative Fee Reserve Balance (amount set in statute or 16.5% of total expenses)	45,728	55,421	26,609
Excess Uncommitted Fee Reserve Balance			499,280

Statutory Deadline for Complying with the Target/Alternative Reserve Balance: June 30, 2005

Cash Fund Narrative Information

Purpose/Background of Fund	The "General Assembly shall make annual appropriations from the Notary Administration cash fund for expenditures of the Secretary of State incurred in the performance of the Secretary of State's duties under this Article [Article 55, Notaries Public]" (12-55-102.5 (2), C.R.S)
Fee Sources	Filing Fees
Non-Fee Sources	None
Long Bill Groups Supported by Fund	Administration and Information Technology
Statutory or Other Restriction on Use of Fund	None
Revenue Drivers	Number of files (walk in or mail in), future electronic notary filings.
Expenditure Drivers	Expenditures are driven by two relatively consistent costs, personal services and operating costs.
Assessment of Potential for Compliance	
Action	<input type="checkbox"/> Already in Compliance <input type="checkbox"/> Statute Change ¹ <input type="checkbox"/> Planned Fee Reduction ¹ <input type="checkbox"/> Planned One-time Expenditure(s) ¹ <input type="checkbox"/> Planned Ongoing Expenditure(s) ¹ <input checked="" type="checkbox"/> Waiver ²

1. If plan is needed to meet compliance deadline, attach Form 11.B.
2. If pursuing a waiver, attach Form 11.C.

Schedule 11.A
Cash Fund Status for: Electronic Technology Filing fund – 15N
C.R.S. Citation: 30-10-422

Cash Fund Revenue and Expenditure Trend Information

	Actual FY 2002-03	Actual FY 2003-04	Estimate FY 2004-05	Request FY 2005-06	Projected FY 2006-07
Beginning Balance	895,274	895,274	2,055,406	1,500,000	
Exempt Revenue					
Non-Exempt Revenue	896,535	2,071,139			
Total Expenditures	1,273	18,249	555,406	1,500,000	
Ending Balance	895,274	2,055,406	1,500,000		
Reserves Increase/Decrease					

Cash Fund Reserve Balance

	FY 2001-02	FY 2002-03	FY 2003-04
Uncommitted Fee Reserve Balance (total reserve balance minus exempt assets and previously appropriated funds; calculated based on % of revenue from fees)			
Target/Alternative Fee Reserve Balance (amount set in statute or 16.5% of total expenses)			
Excess Uncommitted Fee Reserve Balance			
Statutory Deadline for Complying with the Target/Alternative Reserve Balance: June 30, 2005			

Cash Fund Narrative Information

Purpose/Background of Fund	The Electronic Filing Technology Fund Advisory Panel was created by House Bill 02-1119 to assist counties with the implementation of electronic recording of real estate documents. The monies in this fund shall be used by counties who otherwise lack sufficient resources to purchase technologies necessary to implement electronic recording or upgrade their core recording systems. The County Clerk and Recorder Electronic Filing Technology Fund Advisory Panel is responsible for issuing grants to counties who apply for funding. The requirements for applying for funds and for grant approval have been defined by the Advisory Panel.
Fee Sources	Surcharge of \$1.00 fro each document received fro Recording or Filing in county office.
Non-Fee Sources	None
Long Bill Groups Supported by Fund	Electronic Technology Grants to Counties
Statutory or Other Restriction on Use of Fund	None
Revenue Drivers	Number of Filings of Deeds etc. at county.
Expenditure Drivers	Expenditures are made when a county's grant is approved. In addition, funds are used for panel members for direct costs and travel directly affecting administration of the Technology Fund.
Assessment of Potential for Compliance	
Action	<input type="checkbox"/> Already in Compliance <input type="checkbox"/> Statute Change ¹ <input type="checkbox"/> Planned Fee Reduction ¹ <input type="checkbox"/> Planned One-time Expenditure(s) ¹ <input checked="" type="checkbox"/> Planned Ongoing Expenditure(s) ¹ <input type="checkbox"/> Waiver ²
1. If plan is needed to meet compliance deadline, attach Form 11.B. 2. If pursuing a waiver, attach Form 11.C.	

Schedule 11.A
Cash Fund Status for: HAVA - Federal Election Assistance Fund -- 20P
C.R.S. Citation: §1-1.5-101 et sec,1 C.R.S. (2004)

Cash Fund Revenue and Expenditure Trend Information

	Actual FY 2002-03	Actual FY 2003-04	Estimate FY 2004-05	Request FY 2005-06	Projected FY 2006-07
Beginning Balance	0	7,037,396	42,456,662	33,001,902	18,885,933
Exempt Revenue	7,037,396	34,805,918	1,124,413	836,788	340,587
Non-Exempt Revenue	0	1,414,741	12,000	0	0
Total Expenditures	0	801,393	10,591,173	14,952,757	6,257,403
Ending Balance	7,037,396	42,456,662	33,001,902	18,885,933	13,969,117
Ending Balance—Cash Assets	7,037,396	42,456,662	33,001,902	18,885,933	13,969,117
Reserves Increase/Decrease	7,037,396	35,419,266	(9,454,760)	(14,115,969)	(5,916,816)

Fee Levels

	Actual FY 2002-03	Actual FY 2003-04	Estimate FY 2004-05	Request FY 2005-06	Projected FY 2006-07
1. Fee Name					
2. Fee Name					

Cash Fund Reserve Balance

	FY 2001-02	FY 2002-03	FY 2003-04
Uncommitted Fee Reserve Balance (total reserve balance minus exempt assets and previously appropriated funds; calculated based on % of revenue from fees)	N.A.	N.A.	N.A.
Target/Alternative Fee Reserve Balance (amount set in statute or 16.5% of total expenses)			
Excess Uncommitted Fee Reserve Balance			
Statutory Deadline for Complying with the Target/Alternative Reserve Balance			

Cash Fund Narrative Information

Purpose/Background of Fund	The Federal Elections Assistance Fund was created in HB03-1356 in response to the federal Help America Vote Act (HAVA) – PL107-252. These laws were enacted to improve the administration of elections by replacing old voting systems; establishing standards for administration of elections; create a centralized state voter registration system; improve accessibility to voting for disabled community.
Fee Sources	NA
Non-Fee Sources	Sources are federal funds; interest on federal funds; state cash match funds; interest on state cash match; federal grants; possible funds from counties
Long Bill Groups Supported by Fund	
Statutory or Other Restriction on Use of Fund	§1-1.5-106(1) (a),1 C.R.S. (2004) creates the federal elections assistance fund; it consists of all funds received by the state pursuant to the purpose indicated above. It further states that “all moneys in the fund are continuously appropriated to the department for the proper administration, implementation, and enforcement of HAVA in accordance with the requirements of this article, and that all moneys in the fund at the end of each fiscal year shall be retained in the fund and shall not revert to the general fund or any other fund.

Revenue Drivers	Since all moneys in this fund earn interest, the amount of revenues attributed to interest vary, depending on the interest rate as well as the rate of expenditures. Non-exempt funds are the state match plus interest earned on the match, and carryover federal funds received. Additional federal HAVA moneys are not expected beyond FY05; however, Congress could allocate additional funds to the state at any time. After FY05, the only revenue expected is interest on the exempt portion, and possibly funds from counties.
Expenditure Drivers	There are routine, general operating and personal services expenditures related to administering HAVA activities. Large expenditures are for projects, such as a statewide voter registration system, and the purchase of accessible voting equipment as well as replacement of punch/lever voting equipment in the counties; the rate of expenditures for the projects vary according to the phase of the project.
Assessment of Potential for Compliance	There are some projects that are to be completed by January, 2006; other activities have no targeted date for compliance.
Action	<input type="checkbox"/> Already in Compliance <input type="checkbox"/> Statute Change ¹ <input type="checkbox"/> Planned Fee Reduction ¹ <input type="checkbox"/> Planned One-time Expenditure(s) ¹ <input type="checkbox"/> Planned Ongoing Expenditure(s) ¹ <input type="checkbox"/> Waiver ²
1. If plan is needed to meet compliance deadline, attach Form 11.B. N/A 2. If pursuing a waiver, attach Form 11.C. N/A	

Schedule 11.A (continued)
Cash Fund Status for: HAVA - Federal Election Assistance Fund -- 20P
C.R.S. Citation: §1-1.5-101 et sec,1 C.R.S. (2004)

Cash Fund Expenditure Line Item Detail and Change Requests

	Actual FY 2002-03	Actual FY 2003-04	Estimate FY 2004-05	Request FY 2005-06	Projected FY 2006-07
Division Name - HAVA					
Special Purpose	0	801,393	10,591,173	14,952,757	6,257,403
Line Item Name					
Decision Item # (*) and Title					
Division Subtotal	0	801,393	10,591,173	14,952,757	6,257,403
TOTAL		801,393	10,591,173	14,952,757	6,257,403

**Schedule 11.B
Compliance Plan for: Department of State - 200**

C.R.S. Citation	24-21-104 & 24-21-104.50
Action	Waiver Request
Plan Description	The Department of State has followed the plan submitted to the JBC last Spring. This Budget Request for FY 06 outlines expenditures for our Data Center (zinc whiskers) problems that currently exist. These expenditures would help the Department with the compliance plan and the 16.5%. Barring any unforeseen circumstance these monies would need to be available. In addition to CRS 24-21-104.5 if there are not sufficient resources in the Department of State Cash Fund then the General Assembly may appropriate money from the General Fund. The Department of State Cash Fund would have sufficient funds for the expenditure if the waiver is granted and the General Assembly would not have to appropriate monies from the General Fund.
Assumptions and Calculations	See Attached Schedule 11C

**Schedule 11.B
Compliance Plan for: Notary Administration - 20N**

C.R.S. Citation	12-55-102.5
Action	Waiver Request
Plan Description	The Secretary of State is requesting a waiver in accordance with SB 98-194. There is an excess balance in the Notary Cash Fund. The Department does have pending legislation (HB 04-1300) Electronic Notary. The Department is to receive additional funding for this legislation effective July 1, 2005 out of the excess reserves. The Department is also examining the feasibility of eliminating the fee for name and address changes in order to reduce revenue and achieve compliance with SB 98-194.
Assumptions and Calculations	See Attached Schedule 11C

SCHEDULE 11.C							
S.B. 98-194 Waiver Request							
Department	<i>Secretary of State</i>		Fund Name/ COFRS#	<i>Department of State Cash Fund 200</i>			
Program(s) Funded by the Cash Fund	<i>Administration, Business Entities, Elections, Information Technology, and portions of Licensing</i>		C.R.S. Citation	<i>24-21-104</i>			
Funding Information for Line Items Supported by the Cash Fund (all funding sources) FY 2004-05 Appropriation							
Division/Long Bill Line Items Supported by the Cash Fund	Total	FTE	CF for the Fund in this Schedule	Other CF	CFE for the Fund in this Schedule	Other CFE	FF
<i>Total of all Lines</i>	11,598,252	111.1	11,174,248	392,107	31,897	0	0
<i>Line Item</i>							
Personal Services	4,058,423	87.1					
HLD	275,836		267,602	8,234			
STD	9,149		8,876	273			
Salary Survey	112,906		109,536	3,370			
Perf Base Pay	58,817		57,061	1,756			
Workers Compens	3,779		3,666	113			
Operating Expense	564,740		492,467	72,273			
Legal Services	106,208		103,038	3,170			
Adm Law Judges	57,291		55,581	1,710			
GGCC	24,068		23,250	718			
MNT	71,724		69,583	2,141			
Risk Management	18,148		17,606	542			
Vehicle Lease	1,100		1,100				
Lease Space	765,397		742,549	22,848			
Indirect Costs	112,520		77,264	3,359	31,897		
Disc Fund	5,000		5,000				
County clerk reimb							
Local Elections	915,389		915,389				
Initiative & Referendum	500,000		500,000				
Master List	80,000		80,000				
Comp System							
Personal Services	1,963,962	24.0	1,905,525	58,437			
Operating Expense	572,257		542,814	29,443			
Hard/software	876,120		840,348	35,773			
Asset Management	445,418		418,617	26,801			

Cash Fund Reserve Information in Current Year	
Amount of Excess Reserve as of 7/1/04	Deadline for Compliance
7,193,088	June 30, 2005
Cash Fund Reserve Information on Date of Compliance	
Estimated Cash Fund Target Reserve on Compliance Date	Estimated Amount of Excess Reserve on the Compliance Date
2,337,285	0.00
Cash Fund Reserve Information at End of Waiver Period	
Estimated Amount of Uncommitted Reserve to be Waived	Estimated Cash Fund Reserve at End of Waiver Period ¹
1,300,000	2,337,285
Waiver	
Justification for Waiver	<p>The Secretary of State is requesting this waiver in order to accommodate the use of fund balance monies in the event that the projected expenditures for the “zinc whiskers” are not all paid for within this current fiscal year.</p> <p>According to CRS 24-21-104.5 if there are not sufficient resources in the Department of State Cash Fund then the General Assembly may appropriate money from the General Fund. The Department of State Cash fund would have sufficient funds for this expenditure if the waiver is granted and the General Assembly would not have to touch the General Fund.</p>
Beginning Date	July 1, 2004
Ending Date	June 30, 2006
Plan	Attach Schedule 11.B

SCHEDULE 11.C

S.B. 98-194 Waiver Request

Department	<i>Secretary of State</i>	Fund Name/ COFRS#	<i>Notary Administration Fund 20N</i>
Program(s) Funded by the Cash Fund	<i>Administration, Business Entities, Elections, Information Technology, and portions of Licensing</i>	C.R.S. Citation	24-21-104

**Funding Information for Line Items Supported by the Cash Fund
(all funding sources)
FY 2004-05 Appropriation**

Division/Long Bill Line Items Supported by the Cash Fund	Total	FTE	CF for the Fund in this Schedule	Other CF	CFE for the Fund in this Schedule	Other CFE	FF
<i>Total of all Lines</i>	11,598,252	111.1	11,174,248	392,107	31,897	0	0
<i>Line Item</i>							
Personal Services	4,058,423	87.1					
HLD	275,836		267,602	8,234			
STD	9,149		8,876	273			
Salary Survey	112,906		109,536	3,370			
Perf Base Pay	58,817		57,061	1,756			
Workers Compens	3,779		3,666	113			
Operating Expense	564,740		492,467	72,273			
Legal Services	106,208		103,038	3,170			
Adm Law Judges	57,291		55,581	1,710			
GGCC	24,068		23,250	718			
MNT	71,724		69,583	2,141			
Risk Management	18,148		17,606	542			
Vehicle Lease	1,100		1,100				
Lease Space	765,397		742,549	22,848			
Indirect Costs	112,520		77,264	3,359	31,897		
Disc Fund	5,000		5,000				
County clerk reimb							
Local Elections	915,389		915,389				
Initiative & Referendum	500,000		500,000				
Master List	80,000		80,000				
Comp System							
Personal Services	1,963,962	24.0	1,905,525	58,437			
Operating Expense	572,257		542,814	29,443			
Hard/software	876,120		840,348	35,773			
Asset Management	445,418		418,617	26,801			

Cash Fund Reserve Information in Current Year

Amount of Excess Reserve as of 7/1/04	Deadline for Compliance
525,889	June 30, 2005
Cash Fund Reserve Information on Date of Compliance	
Estimated Cash Fund Target Reserve on Compliance Date	Estimated Amount of Excess Reserve on the Compliance Date
64,698	50,000
Cash Fund Reserve Information at End of Waiver Period	
Estimated Amount of Uncommitted Reserve to be Waived	Estimated Cash Fund Reserve at End of Waiver Period ¹
130,000	64,698
Waiver	
Justification for Waiver	The Secretary of State is requesting this waiver in accordance with SB 98-194. The Department is examining the feasibility of eliminating the fee for Notary name and address changes in order to reduce revenue achieve compliance with the 16.5% limit.
Beginning Date	July 1, 2005
Ending Date	June 30, 2006
Plan	Attach Schedule 11.B

DECISION ITEM REQUEST FOR FY 2005-06

TITLE: Disaster Recovery/Business Continuity

DIVISION: Information Technology Services

PROGRAM: INFORMATION SYSTEMS

PRIORITY NUMBER: #1 of 1

FEDERAL AND STATE STATUTORY AND CONSTITUTIONAL AUTHORITY: Article IV, section 1 and Article V, section 44, Colorado Constitution; Sections 1-1-107, 24-1-111, and 24-31-101 (1)(e) and Title 24, article 21, C.R.S.

PART I: Total Fund Request -- SCHEDULE 6

	Fund	Prior-Year Actual FY 2003-04	Appropriation FY 2004-05	Decision Item Request FY 2005-06	Total Request FY 2005-06
TOTAL OF ALL LINE ITEMS	Total	\$3,248,923	\$2,950,637	\$1,019,012	\$3,969,649
	FTE				
	GF				
	CF	\$3,248,923	\$2,950,637	\$1,019,012	\$3,969,649
	CFE				
	FF				
<i>Personal Services (IT)</i>	Total	\$2,702,251	\$1,932,962	\$182,001	\$2,114,963
	CF	\$2,702,251	\$1,932,962	\$182,001	\$2,114,963
<i>Operating</i>	Total	\$249,994	\$572,257	\$749,053	\$1,321,310
	FTE				
	GF				
	CF	\$249,994	\$572,257	\$749,053	\$1,321,310
	CFE				
Asset Management	Total	\$296,678	\$445,418	\$87,958	\$533,376
	GF				
	CF	\$296,678	\$445,418	\$87,958	\$533,376
	CFE				
	FF				

Summary of Request:

The Department of State requests an appropriation from the Department of State Cash Fund in the amount of **\$1,019,012** for establishing Business Continuity and Disaster Recovery site to ensure recovery of critical CDOS functionality in the event of a similar or other type event resulting in a significant interruption of service.

Program Description:

Information Systems maintains the departmental infrastructure required to support the Department of State's data center, web presence, desktop environment, and telephony systems. These systems are utilized to support the data, communications, and document imaging needs of Business Organizations, Uniform Commercial Code, Accounting, Notary, Campaign, Lobbyist, Elections, Bingo/Raffle, and Charitable Solicitations programs within the Secretary of State and also support the web presence of the entire Secretary of State's Office. Utilizing the Internet as a means of receiving and delivering information from and to our customers is an increasingly critical facet of fulfilling the Department's mission of customer service. Internet-based, real-time electronic document filing has become an essential resource saving tool of the Department. Increased speed and ease of filing has increased customer satisfaction.

PART II: Efficiency and Effectiveness Analysis**Problem Statement:**

Summary: While the Department has received emergency funds totaling \$500,000 and supplemental funds totaling \$1,000,000 to relocate and remediate the existing data center operations to a location free of the issues contributing to the recent outage. The impact of the recent data center outage, as outlined below, has heightened the department's awareness and overall concern pertaining to our ability to maintain continuity of operations during events such as the one we just recently experienced. Based on the effects of the recent events and the experiences of each of the divisions, it has been determined that the Department must have a cost effective and efficient strategy in place in order to effectively respond to similar or like events in the future. To that end, the Department is requesting an appropriation to develop a Disaster Recovery Plan and establishment of a recovery site for Business and Technology operations.

Below is a description of the disaster encountered in June and its effects:

On June 10, 2004 the Department began to experience power problems in its data center, which is the computer room that houses all of the central computer equipment that supports the Department's information systems. Short circuits and periodic surges of electricity began damaging the power supply units of our equipment, causing the equipment to fail. Our web-based application systems failed entirely and we were not able to begin restoring these services until June 29. When the problems first occurred, the Department immediately began intense efforts to diagnose the cause, while replacing damaged power supply units in order to keep the Department's systems running. Of critical importance was the Department's accounting system that serves as the central hub for 75-85% of the Department's operations, reporting and data storage.

Initial efforts focused on the electrical grounding and power to the data center since it appeared the short circuits were related to power surges and power quality. Electrical experts and experts from manufacturers of our computer equipment were immediately called in to assess the problem, working around the clock to determine the cause of the problem. Among the resources that participated were Northrop Grumman, IBM, Sun Microsystems, Advanced Power Systems, Sturgeon Electric, Computer Sites Incorporated, DP Guardian and Worldwide Environmental Services. After trying many approaches, including verifying consistent building grounding, rewiring the entire data center, switching out the main transformer and disconnecting the UPS and battery backup systems, we eventually abandoned the data center room on June 25th. Since the computer failures occurred at the end of the fiscal year, the Department requested and received a \$935,832 in supplemental appropriation to cover the expenses incurred to assess the problem and restore operations.

During the weekend of June 26 and 27, further testing revealed the presence of “zinc whiskers” – zinc fibers that can be extruded over time by electroplated metal coatings, such as the coating used on the electrostatic-dissipating floor tiles used in the Department’s data center. Laboratory testing later confirmed the finding that the primary cause of the catastrophic failures experienced with the computers was indeed “zinc whiskers”. These zinc fibers accumulate over a period of years and may break loose from the floor tiles when vibration, strong air currents, or movement of the tiles influences them. They are small and light enough (one to two millimeters long and just a few microns wide) that they can remain airborne. When the zinc fibers land in sensitive computer electronics, they can cause electrical short circuits. If the fibers are deposited in close proximity to electrical currents, they can complete an electrical circuit themselves, or cause arcing of electricity from one component to another. It has been ultimately determined that these short-circuits were the primary contributors to the computer equipment failures in the Department’s data center.

We were able to maintain several systems for nearly the entire duration of the events with only a few interruptions of several hours each; these critical systems were kept in basic and minimum running order by replacing redundant power supplies as they failed. Among these systems are the department accounting system, elections and petition processing systems, telephones, networking and the internal Business Organizations and Uniform Commercial Code (UCC) data entry systems. A complete listing of our critical and essential processes and their dependencies can be made available upon request.

Systems that were entirely out of service during the outage include web-based UCC and Business Organizations searches, e-filing of critical documents, document imaging systems, Campaign and Political Finance reporting, Lobbyist reporting and Charitable Solicitations. The system failures in the data center created a severe impact on business and customers; since the general public depends heavily on the Department and the electronic services it provides to conduct daily business. The inability of customers to access our web site for on-line filings, as well an outage of our phone system was reported by the Denver Post June 17 & 18th 2004. Due to the nature of our problems – equipment contaminated with zinc whiskers – we have found that no commercial or public hosting facility will take our equipment in its current condition.

Risk Discussion /Impact by Division:

Business Division:

By delegation from the Secretary of State, the Business Division performs the duties and exercises the authority vested in a variety of laws concerning the filing of documents, maintaining of records, and retrieval and dissemination of information pertaining to various businesses and commercial matters. While we will continue to provide traditional, "non-computerized" means of access, we have developed a strong commitment to electronic commerce and electronic government in order to satisfy the ever-increasing demands of our constituencies.

When the computer problems began, the Division heard from numerous constituents when the website was unavailable and services were curtailed. Hardships were created for the public and for businesses, and in many ways the financial world was at a standstill. For example, numerous customers were required to put loans in escrow pending a search of the UCC records or the issuance of a Certificate of Good Standing from our office. One customer phoned our office in a panic because the bank was going to foreclose on her farm on June 30, 2004. She had arranged financing to put off the foreclosure, but the lender refused to release the funds until a certified search of the UCC records was completed. We were unable to provide her with a certified search of the UCC records, because the records were inaccessible. Another constituent estimated it cost him \$200 a day for every day our website was down because he relied on our office and our website to conduct his business. One lawyer reported that he had to postpone a trial because he was unable to access the Division's records and certificates.

Customers continue to suffer delays because our computer systems are still degraded. Although the Division was able to continue to process paper-filed documents in June and implement a new computer system in July 2004 to comply with statutory changes, we were unable to test the new system properly. Instead of web-enabling over 36 transactions, we have only been able to enable two online transactions. These two factors have substantially affected the processing of paper-filed documents, and we are currently about 52 days behind. The statute provides that "[i]f the secretary of state refuses to file a document, the secretary of state shall return it to any individual who has been identified...within ten days after the document was delivered to the secretary of state...." (See C.R.S. §7-90-306(3)). Therefore, the Division is failing to comply with the statute. Additionally, prior to the disaster in June, our constituents could expedite a paper document on a while you wait basis. Now, our constituents often have to wait 3 to 5 days for some paper documents to be processed on an expedited basis.

Elections Division:

The Elections Division is charged with the filing of campaign and political finance registrations and reports, lobbyist registration and reports, candidate ballot access documents, conflicts of interest, staffing of Title Board meetings for the setting of initiative titles, and the certification of certain documents going overseas. When the computer problems began, the Division was facing critical deadlines related to campaign and political finance, initiative petitions, and petitions filed by candidates seeking ballot access. Approximately 318 committees file their disclosures electronically and since they had difficulty accessing their records, it was feared that the campaign finance-reporting deadline would have to be extended. The Division was also in the process of verifying signatures on two petitions and awaiting three more. Top priority was placed on being able to continue verification of the initiative petition because of a 30-day statutory deadline. Petitions filed by candidates seeking ballot access were slowed because the candidates could not access records in the system and the system failures prevented the staff from scanning and filing these documents in a timely manner.

While the Division experienced a huge backlog of documents, no additional temporary help was employed, adding to the stress and workload of the staff, and the continual fear that the system would fail during these critical periods.

Elections cannot be postponed, and a computer failure that affects elections could have a devastating effect, not only on the state, but nationally. The Division has continued concern that the U.S. Justice Department might intervene in state election matters should the Elections Division not be able to carry out its statutory duties in a timely manner, thus triggering the comprehensive mandatory federal oversight of election functions in the State of Colorado through the provisions of Section 5 of the 1965 Voting Rights Act.

Licensing Division:

The effects on the Licensing Division were similar to the other divisions: customers could not access their files for quarterly and other filings; scanning of documents could not be performed and manual searches of files were performed instead. It was extremely difficult to respond to customer requests for information because all of the systems used to access databases were down at various times. The implementation of the entire eRules project was postponed from August to October, and the consultant's contract has had to be extended for at least an additional three months beyond the original expiration of the original contract because of the problems with the data center.

Charitable solicitation filings, which are all done online, could not be completed and resulted in our creating paper applications for customers for what was originally an all-electronic program. Information could not be provided to the public concerning charitable solicitation registrations, and troubleshooting customer service problems was hindered.

Data Center:

The Secretary of State worked with Equity Office, the property manager of One Civic Center, to obtain temporary space to house its data center equipment since the continued presence in the room with "zinc whiskers" would exacerbate the problems already incurred. The data center has been sustaining operations from that location since the end of June. This temporary location is suitable for a short-term stay, but is not adequate as a long-term solution and raises the risk for possible operational problems. IBM and Computer Sites Incorporated have informed the Department that the former data center is not a candidate for cleaning and reoccupation as a data center due to the degree to which the room is affected by zinc whiskers. While the room can be cleaned and made usable as general office space, it cannot be utilized as a data center or computer room. We contacted several providers of computer room space to evaluate the potential of relocating to a facility that would be suitable as a long-term solution before we moved into the temporary location that we currently occupy.

AVAILABLE ALTERNATIVES:

In execution of its legal responsibilities, the Department has evaluated the following alternatives to providing for the facilities management and operations of the Departments Data Center:

ALTERNATIVE I

<i>Description of Alternative</i>	This alternative looks at the cost and benefits associated with establishing the DoS Data Center disaster recovery facility at the existing DPA/DoIT facility using an alternate facility space to construct the necessary environmental and infrastructure services to house and operate the Departments Business Continuity and Disaster Recovery computer and communications equipment This alternative proposes to provide services in accordance with sound business and industry practices for similar or like activities.
<i>Authority to Implement:</i>	Federal and State Statutory and Constitutional Authority: Article IV, section 1 and Article V, section 44, Colorado Constitution; Sections 1-1-107, 24-1-111, and 24-31-101 (1)(e) and Title 24, article 21, C.R.S.
<i>Department Objectives:</i>	These systems are utilized to support the continuity of operations data, communications, and document imaging needs of the DoS Business Organizations: Uniform Commercial Code, Accounting, Notary, Campaign, Lobbyist, Elections, Bingo/Raffle, and Charitable Solicitations programs within the Secretary of State and also support the web presence of the entire Secretary of State’s Office.

SUMMARY OF COSTS FOR REQUEST YEAR 2005-06:

Alternative I								Total
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	
DPA/DoIT Hosting	749,053	38,400	39,552	40,739	448,295	43,220	44,516	\$1,403,774
Operating (Hardware, Software, Training)	182,001	68,681	70,411	72,194	74,030	75,921	77,868	\$621,106
Personal Services (FTE/Cont.Services)	87,958	89,938	93,686	97,608	101,716	106,017	110,523	\$687,446
Hardware/Software Maintenance	0	0	0	0	406,334	0	0	\$406,334
Asset Management	1,019,012	197,019	203,649	210,541	1,030,375	225,157	232,907	\$3,118,660
Net Alternative I Costs	1,019,012	197,019	203,649	210,541	1,030,375	225,157	232,907	\$3,118,660
Alt I Cumulative Costs	1,019,012	1,216,031	1,419,680	1,630,221	2,660,596	2,885,753	3,118,660	

ALTERNATIVE II

<i>Description of Alternative</i>	This alternative looks at the costs and benefits associated with establishing disaster recovery operations for the CDOS Data Center utilizing a third party entity that specializes in the operation and management of Co-Location facilities. This alternative evaluates and compares co-locations services and their associated facilities.
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Authority to Implement:	Federal and State Statutory and Constitutional Authority: Article IV, section 1 and Article V, section 44, Colorado Constitution; Sections 1-1-107, 24-1-111, and 24-31-101 (1)(e) and Title 24, article 21, C.R.S.
Department Objectives:	These systems are utilized to support the data, communications, and document imaging needs of Business Organizations, Uniform Commercial Code, Accounting, Notary, Campaign, Lobbyist, Elections, Bingo/Raffle, and Charitable Solicitations programs within the Secretary of State and also support the web presence of the entire Secretary of State's Office.

Alternative II								Total
Co-Location Hosting	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	
Operating (Hardware, Software, Training)	1,009,153	267,000	271,320	287,599	902,206	297,598	303,052	\$3,337,929
Personal Services (FTE/Cont.Services)	183,006	68,006	68,006	68,006	68,006	68,006	68,006	\$591,042
Hardware/Software Maintenance	87,958	89,938	95,334	101,054	107,118	113,545	120,357	\$715,304
Asset Management	0	0	0	0	406,334	0	0	\$406,334
Net Alternative 2 Costs	1,280,117	424,944	434,660	456,660	1,483,664	479,149	491,416	\$5,050,610
Alt II Cumulative Costs	1,280,117	1,705,061	2,139,721	2,596,381	4,080,045	4,559,194	5,050,610	

SUMMARY OF COSTS FOR REQUEST YEAR 2005-06:

ALTERNATIVE III

Description of Alternative	This alternative looks at the costs associated with establishing a State-operated Disaster Recovery Center, which will provide services to other State Agencies.
Authority to Implement:	Federal and State Statutory and Constitutional Authority: Article IV, section 1 and Article V, section 44, Colorado Constitution; Sections 1-1-107, 24-1-111, and 24-31-101 (1)(e) and Title 24, article 21, C.R.S.
Department Objectives:	These systems are utilized to support the business continuity and recovery services for data processing, communications, and mission critical information technology needs of the various State Agencies in the event of a disaster.

SUMMARY OF COSTS FOR REQUEST YEAR 2005-06:

Alternative III								Total
Lease and Operate a State Facility	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	
Operating (Hardware, Software, Training)	1,087,653	754,000	776,320	799,310	1,018,271	847,379	872,500	6,155,432
Personal Services (FTE/Cont.Services)	2,528,455	3,776,910	3,787,200	3,866,160	4,093,674	4,182,006	4,275,436	26,509,841
Hardware/Software Maintenance	87,958	89,938	95,334	101,054	107,118	113,545	120,357	715,304
Asset Management	800,000	0	0	0	406,334	285,000	0	1,491,334
	4,504,066	4,620,848	4,658,854	4,766,524	5,625,397	5,427,929	5,268,293	\$34,871,911
Alt III Cumulative Costs	4,504,066	9,124,914	13,783,768	18,550,292	24,175,689	29,603,618	34,871,911	

ANALYTICAL TECHNIQUE:

Data Center – Business Continuity and Disaster Recovery Site

Cost-effectiveness Analysis analytical technique was used to determine which alternative was the most efficient in terms of cost based on technical feasibility.

COST EFFECTIVENESS ANALYSIS:

Alternatives	Fiscal Year							Total 7 Year Cost
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	
# I DPA/DOIT HOSTING	1,019,012	197,019	203,649	210,541	1,030,375	225,157	232,907	3,118,660
# II CO-LOCATION HOSTING SERVICE	1,280,117	424,944	434,660	456,660	1,483,664	479,149	491,416	5,050,610
# III State Owned & Operated (Open to all State Agencies Use)	4,504,066	4,620,848	4,658,854	4,766,524	5,625,397	5,427,929	5,268,293	34,871,911

RECOMMENDATION:

It is recommended that CDOS proceed with alternative # I. The Department of State believes that the long-term benefits of establishing an operational strategy and tactical solution for addressing the

technology requirements for business continuity though a graded and managed disaster recovery program will significantly mitigate potential interruptions in operations resulting from events that interrupt the CDOS ability to deliver the data processing and associated services that are vital to the functional operations and delivery of services to our State Agencies, Stakeholders and Citizens of Colorado.

KEY ISSUES FOR DECISION MAKING:***Omission, Biases, or Uncertainties:***

It is assumed that the State wishes to maintain a level of services commensurate with its responsibilities for providing accesses to systems, data, and associated services related to the Department's responsibilities to State Agencies, Commercial and Private entities, and the Citizens of Colorado.

Analysis assumes level of managed services from a co location perspective to be at a minimum. State personnel will provide a majority of the operational needs for the equipment.

State Agencies are mandated to use the MNT network.

BASE REDUCTION ITEM REQUEST FOR FY 2005-06

TITLE: Office Leased Space

DIVISIONS: All (appropriated through Administration Division)

PROGRAM: Leased Space

PRIORITY NUMBER: Base Reduction Item # 1 of 1

FEDERAL AND STATE STATUTORY AND CONSTITUTIONAL AUTHORITY: Article IV, sections 1 and 18, Article V, sections 1 and 48, Article VII, Article XII, section 9, Article XVIII, sections 2, 12, and 12a, and Article XXI, Colorado Constitution; Sections 24-1-111 and 24-21-101 (1), C.R.S.

PART I: Total Fund Request – Schedule 6

		Prior-Year Actual FY 2003-04	Approp FY 2004-05	Base Request FY 2005-06	Decision Item FY 2005-06	November 1 Request FY 2005-06	Change from Base in Out Year FY 2006-07
Total of All Line Items	Total	691,539	765,397	765,397	(111,355)	654,042	(199,098)
	FTE						
	GF						
	CF	691,539	765,397	765,397	(111,355)	578,042	(199,098)
	CFE					76,000	
	FF						
<i>Administration / Leased Space</i>	Total	691,539	765,397	765,397	(111,355)	654,042	(199,098)
	FTE						
	GF						
	CF	691,539	765,397	765,397	(111,355)	578,042	(199,098)
	CFE					76,000	
	FF						

PART II: Efficiency & effectiveness analysis

Program Description:

The Secretary of State leases office space on the second, seventh, and tenth floors of the Denver Post Building at 1560 Broadway in Denver. The Leased Space line item provides funding to meet the Department's lease obligation for such space.

Section 24-21-101 (1), C.R.S., requires that, "The secretary of state shall keep office at the seat of government". Article VIII, section 2, of the Colorado Constitution requires that the State's seat of government be located in the City and County of Denver. As a statewide elected official, the Secretary of State has historically been expected to maintain her office in or near the State Capitol Building.

Problem Statement & Available Solutions:

Current lease. The Department of State's current lease expires June 30, 2006. Ordinarily, the Department would begin negotiating for leased space early in 2005, include a leased space change request in its November 1, 2005 budget request, and expect to execute a new lease or a lease renewal beginning with FY 2006-07.

Zinc whiskers emergency. However, extraordinary circumstances arose in late June 2004 that require the Department to acquire new office space as soon as possible. The Department's data center became contaminated with microscopic zinc filaments known as "zinc whiskers". The Department was forced to relocate its data center equipment to a vacant floor of its current office building on a temporary, emergency basis. The equipment is currently located on a bare concrete floor, with power and cooling rigged up on a temporary basis. However, it is imperative that the Department acquire a data center as soon as possible that is up to technical standards with climate controls, raised floor electrical and cooling systems, fire suppression, etc., in order to protect millions of dollars of computer equipment.

Status of old data center. Based on information provided by expert consultants, the Department has determined that the contaminated room cannot be completely cleaned of contamination and reused as a data center. Because some zinc whiskers would likely remain in the old data center, equipment manufacturers would not be willing to honor maintenance agreements on the equipment. Therefore, the Department must acquire a new data center.

Colocation vs. ownership. At the request of the Commission on Information Management (IMC), the Department analyzed the relative merits of the Department owning its own data center compared to the Department "collocating" its data center at the facilities of a private data center provider. The analysis shows that the cost of collocating is much greater than the cost of owning a data center. The Office of Innovation and Technology (OIT) has reviewed the Department's analysis.

Disadvantages of building stand-alone data center without lease renegotiation. The Department considered the possibility of renting additional space within its current office building, building a new data center in the new space, and installing the necessary communications links to its other offices within the building. The cost would be substantial (\$500,000 - \$1,000,000). If the Department did not renegotiate its current office lease at the same time, then it would be at a negotiating disadvantage when it began renegotiating its current office lease next year. This is because the current landlord

could anticipate that the Department would not move its offices to another building, since doing so would require building another expensive data center at the new location. The landlord would therefore have less incentive to offer a new lease at reasonable market rates.

Cost benefit of renegotiating lease now. When the Department executed its current lease in 2001, office lease rates in Denver were substantially higher than they are now. Thus, the Department can realize substantial long-term savings by negotiating a new lease for its office space. If the Department waited until next year to begin negotiating for office space, the prevailing market rates may not be so favorable.

Space efficiency achievable by lease renegotiation. The addition of new programs since the Department executed its 2nd floor lease (such as HAVA, electronic rules, and UETA) has forced the Department to expand its leased space. But the lack of space on the second floor to expand has forced the Department to acquire space on other floors. Currently, therefore, the Department's offices are split among three suites and two floors (not counting another floor where the Department's data center equipment is temporarily located). Negotiating for new leased space provides the Department with an opportunity to consolidate its separate offices into contiguous space. The increased efficiency of such consolidation will allow the Department to *reduce* the total space required for its offices.

Purpose of base reduction item. This base reduction item request addresses the need for the Department to assure that the Department maintains adequate and functional space in which to carry out its duties and responsibilities at the least cost possible.

Assessing Alternatives:

Background and market analysis:

The Department of Personnel (General Support Services) oversees the leasing of office space by state agencies. The Department of Personnel, through its State Buildings and Real Estate Programs, is responsible for professionally negotiating and executing leases for office space on behalf of state government. The agency works through pre-selected real estate brokers authorized to provide tenant services for the State. In Denver, the State broker is CPC Corporate Planners & Coordinators.

The real estate broker's personnel meets with designated agency staff, determines their needs, calculates the square footage allowed under the State's leasing standards, explores leasing options in the area, assists in the selection of the site, and ultimately draws up the actual lease to be executed. The lease is then submitted first to the landlord for signature, then to the agency, and then on through the state-required approval process.

For several months, the Department of State has been working with CPC Corporate Planners & Coordinators, Inc. (its assigned real estate broker) to evaluate its space needs, explore available options in the Denver area, and to negotiate leased space.

CPC Corporate Planners & Coordinators, Inc. conducted a market survey to determine the availability and cost of leased space in Denver that meets the Department's needs. The survey assumed that the Department would need to maintain approximately the same amount of floor space that it currently

leases (34,507 square feet) and that the space should be located within a reasonable distance of the State Capitol and the Department's business customers in the downtown area.

The survey identified half a dozen commercial office buildings that met the required criteria. After visiting these building, the Department identified four suitable buildings and began negotiations.

The Department is currently in negotiations with these four buildings. Thus, the Department has not made a final selection, and the final terms of a specific lease are not yet known. For purposes of this Base Reduction Item, the Department has used the figures from the most complete offer available. This offer assumes a 10-year base term, and includes a "tenant improvement allowance" to build out the space to meet the Department's needs.

Consolidation and reconfiguration of office space:

In examining space needs, the Department took into account that a consolidation and reconfiguration of the space plan will provide increased efficiencies. In the last 4-5 years, there have been numerous changes in applicable laws, procedures, and technology, as well as increases in the Department's workload and a realignment of the Department's FTE to reflect changes in business processes. For example, the Department now needs fewer data entry personnel and more I.T. professionals than several years ago. These changes created the need to adjust the space configuration to meet current conditions.

For this reason, the Department developed a space plan based on input from its managers and employees and the services of Corporate Planners & Coordinators, Inc. and a professional space planner. As a result, the new space plan will achieve greater efficiency and functionality.

Implementation schedule:

It is intended that the Department will execute a new lease within the next 30-60 days. Building out the new office space under the new lease will take until approximately March 2005, when the Department will move its offices into the new space. The Department also intends to negotiate a lease that requires no change in its lease space appropriation for the current fiscal year. The amounts previously approved by the Joint Budget on September 22, 2004 for a new data center will be applied to the construction of a new data center that is part of the new lease. In future fiscal years, the annual lease space appropriation will be less than the current continuation level, primarily because of the more favorable lease rates now available in the downtown Denver commercial office market.

Recommendation:

Renegotiating the Department's current lease to take advantage of prevailing market rates and consolidating the Department's separate offices into a more efficient space place will achieve substantial efficiencies and reduce total lease costs. Most importantly, it will enable the

Department to address its emergency need for a new data center. The Department therefore recommends a new office lease for an initial term of ten years effective in the Spring of 2005.

PART III:

ASSUMPTIONS AND CALCULATIONS:

There will be a reduction in the size of the current space from 34,507 square feet to approximately 32,000, depending on the building selected.

Under standard commercial office leases, rental rates are stated in terms of a net rate exclusive of expenses. The tenant is required to pay all operating expenses and real estate taxes on a pro rata basis in addition to the base rental rate. However, the annual increase in Operating Expenses for which the tenant will be obligated to pay in any fiscal year is usually limited by the lease to an increase of a certain amount per square foot per year over the prior year; except that, if actual Operating Expenses for any fiscal year exceed the maximum allowed, the tenant is obligated to request funding for the difference in the following fiscal year.

A ten-year lease is assumed in order to lock-in favorable market rates and spread out the cost of tenant improvements over a longer period. However, the lease will allow the Department to terminate the lease if circumstances arise that call for the Department to collocate its offices with other state agencies in a new state government office facility.

Based on these assumptions and the most complete offer received by the Department to date, annual total leased space costs are estimated as follows:

Ten-Year Cost of Leased Space*

<u>Fiscal Year</u>	<u>Current</u>	Requested
2005-06	765,397	654,042
2006-07	765,397	566,299
2007-08	765,397	591,084
2008-09	765,397	616,366
2009-10	765,397	641,771
2010-11	765,397	667,701
2011-12	765,397	693,773
2012-13	765,397	710,035
2013-14	765,397	752,517
2014-15	765,397	763,448

*Including estimated operating costs

Of the amount requested, a pro rata portion should come from each of the cash funds that are administered by the Department of State, namely, the Department of State Cash Fund, the Notary Administration Cash Fund, and the Federal Elections Assistance Fund.

Strategic Plan / Program Narrative

SECRETARY OF STATE / DEPARTMENT OF STATE

PROGRAM TITLE: Administration

CHANGE REQUEST(S): Base Reduction #1

ESTIMATED TOTAL FUNDING:

Line Item	FY 2004-05 Total Appropriation		FY 2005-06 Total Request	
	Dollars	FTE	Dollars	FTE
Personal Services	636,996	9.5	625,879	9.5
Health, Life and Dental	275,836		293,202	
Short-term Disability	9,149		6,419	
Salary Survey	112,906		252,808	
Performance-based Pay Awards	58,817		69,971	
Workers Compensation	3,779		8,467	
Operating Expenses	564,740		563,040	
Legal Services	106,208		106,208	
Computer Center	24,068		24,068	
Multi Use Network	71,724		53,524	
Risk Management	18,148		18,148	
Vehicle Lease Payments	1,100		1,100	
Leased Space	765,397		654,042	
Discretionary Fund	5,000		5,000	
ALJ	57,291		69,404	
Indirect Costs	112,520		115,626	
Totals	\$ 2,823,679		\$ 2,866,906	

FEDERAL AND STATE STATUTORY AND CONSTITUTIONAL AUTHORITY: Article IV, sections 1, 3, and 18, Article V, sections 1 and 48, Article VII, and Article XII, section 9, and Article XVIII, Sections 2 and 12a, Colorado Constitution; Section 24-1-111, Title 24, article 21, and Title 24, article 50, C.R.S.

SUB-PROGRAM: PERSONNEL

PROGRAM DESCRIPTION:

The Personnel Office provides selection, classification, employee relations, and employee records management. It sets up and maintains employee personnel and payroll records, and provides employee benefits assistance, counseling, and review. Staff provides technical assistance in staffing and human resource management issues, as well as other personnel administrative issues, e.g., issues pertaining to grievances, corrective actions, and disciplinary actions, to supervisors and other employees of the Department. This section also oversees

policies and procedures formulated by the Department for compliance with civil rights laws and the federal Fair Labor Standards Act.

PRIORITIZED OBJECTIVES AND PERFORMANCE MEASURES:

OBJECTIVE 1.1: Recruit, hire, train, and retain high-quality employees.					
	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Estimate	FY 05-06 Projected
MEASURE 1.1.1 Reduce the Department's employee turnover rate.	12.1%	9.9%	10%	16.7%	12%

OBJECTIVE 1.2 Facilitate efficient planning and implementation of programs created by statute by working with divisions to create and fill positions to carry out tasks as necessary.					
	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Estimate	FY 05-06 Projected
MEASURE 1.2.1 Determine skill sets needed to perform tasks and perform classification and selection tasks to facilitate hiring.	80%	90%	100%	100%	100%

OBJECTIVE 1.3. Develop a Succession Planning strategy to address the changing workforce, the need for more technical skills and to plan for retirements in the future.					
	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Estimate	FY 05-06 Projected
MEASURE 1.3.1 Along with the divisions, identify critical positions and knowledge, skills and abilities required.			5%	15%	50%
MEASURE 1.3.2 Identify individuals with the education and/or skill sets to be able to move into critical positions in the future.			5%	15%	50%
MEASURE 1.3.3 Determine training areas needed for candidates to prepare them for movement.			1%	15%	50%
MEASURE 1.3.4 Identify training sources and secure funds to provide needed training for candidates for critical positions.			5%	10%	30%

TRENDS AND OTHER BASELINE INFORMATION:

Workload Assumptions:

Implement and maintain a performance management plan in accordance with Senate Bill 00-211, including performance planning, discretionary pay, etc.

Existing Conditions:

Although the state's economy continues to improve, there still is an abundance of applications for each position and we continue to test for each position. Many of the higher-level positions receive more than 50 applicants, which forces a two-step testing process, if not a three-step process. This slows the hiring process down and requires a larger time commitment from staff to develop, conduct, and rate exams. The depth of the skill level also requires more complex exams that take more time to construct and conduct.

ACCOMPLISHMENTS:

- The continued emphasis on performance management made the process easier to complete during the last rating cycle. However, the fact that the Department of Personnel and Administration stepped in at the last moment to impose a statewide percentage for each rating level required the Department to take a second look at the rating criteria in order to award the Department's entire allocation. The Department had a fairly sophisticated computer program that awarded dollars based upon the total points earned by each employee, whereby an employee receiving 250 points would receive a lower award than an employee earning 260 points. As the Department of Personnel and Administration will continue to establish percentage for each performance level, the Department is in the process of reviewing and revising our Performance Management and Pay Plan to make the award process less complicated, while allowing the full utilization of the allocation. The Needs Improvement (1) ratings decreased slightly due to successful performance management that resulted in improved performance as well as the termination of several non-performing employees. The Department remains one of a handful of Departments that rated employees conservatively and did not have large percentages of employees in the top ratings categories.
- Filled 32 vacant and newly authorized positions throughout the year. Created the Help America Vote Act (HAVA) work unit within the Elections Division to address the federally mandated election reforms and conducted searches and exams which resulted in the hire of four employees and the transfer of three more to total seven. This work unit is expected to increase to fifteen within the next year. This program is mostly federally funded, which further complicated the budgeting and staffing process.
- Reduced turnover from 45.2% when Ms. Davidson took office to 10% in the prior fiscal year. Turnover in 03-04 was 16.7%, but is inflated by three retirements which count against the turnover rate, and the termination of four non-performing employees. The Department is developing a turnover report that will factor out these two types of separations and give a clearer picture of the turnover of proficient employees, which the Department would strive to keep employed. The customer service provided continues to be of high quality and consistency and current employees continue to build their knowledge base.
- The Department's continued effort to move toward electronic filing has changed the scope of the questions and issues handled by the customer support staff and requires more sophisticated technical and professional skills. The knowledge, skills and abilities required to perform these jobs requires not only a knowledge of the process but a more technologically competent workforce to be able to assist customers with computer interface issues they confront as they themselves become more adept at filing their documents electronically. This shift in necessary qualifications resulted in a revamping of the testing process to establish eligible lists and required more time in development and administration

of the examinations. The result has been a list of much more qualified staff than we would have seen one or two years ago. The challenge now will become to retain those employees through continued training, compensating employees for their skills, and encouraging longer-term service.

- Assigned higher-level duties to 15 experienced employees, which resulted in reclassification of their positions to higher levels and allowed salary adjustments to bring them up to competitive salary levels, thus reducing the likelihood that they would leave in pursuit of higher paying position with other agencies or employers.
- The Employee Activities Committee, comprised of representatives of each of the Department’s five divisions, sponsored and coordinated several activities for the staff to foster teamwork and to give back to the community. The department’s CCC contributions exceeded the goal by 45%, and fundraising activities enabled us to “adopt” thirty children in homeless shelters to enrich their holiday season.
- Emphasis on earlier intervention and interaction with staff on issues of concern continued to reduce the occurrence of employee relations conflicts. Our goal is to improve communication within the Department to all but eliminate these types of issues.
- The one area in which we did not make as much headway as we would have liked was in the Succession Planning area. We continue to believe that this is a critical area but the workload of both the Human Resources staff and the Supervisory staff has delayed the project. We expect significant progress to be made as we make this one of our major focus points for 05-06.

CUSTOMER REQUIREMENTS:

Customer	Requirement
Employees of the department as well as citizens seeking employment with the Department.	Provide support, technical assistance, and information in regards to human resources areas such as selection (application process, exams, referral, and appointments), classification, compensation, benefits, employee relations and staff development.

SUB-PROGRAM: ACCOUNTING AND BUDGET

PROGRAM DESCRIPTION:

The Accounting and Budget Office secures and manages the necessary financial resources to enable the Colorado Secretary of State to efficiently and effectively operate the programs designated by state, federal, and other applicable laws and rules:

- Provide procurement and contracting services to the Department
- Prepare the budget and supply accurate and timely financial information to the Secretary of State, Deputy Secretary of State, and program managers
- Manage the Cashier’s office and transmit daily revenues to the Treasurer’s office for deposit
- Manage the payroll system and employee leave accrual totals

- Administer refunds for customers and work with collections to receive full payment for services
- Monitor the safety of the Department’s cash assets

PRIORITIZED OBJECTIVES AND PERFORMANCE MEASURES:

OBJECTIVE 2.1: Continue to streamline the budgeting, accounting, procurement, contracting processes, and procedures required for the effective and efficient operation of the Department of State. Ensure the State of Colorado’s compliance with the federal laws and state fiscal rules and ensure the effective and efficient close out of all budgeting, accounting, and procurement/contracting requirements.				
	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Estimate	FY 05-06 Request
MEASURE 2.1.1 Establish a monthly budget reporting system to keep managers informed of the program’s budget status and provide the necessary tools for managers to run the program.		Utilize experience of other state agencies to develop COFRS to Excel download process	Reporting system implemented	Additional reporting systems implemented

ACTION PLAN:

- Continue to attend training classes to familiarize staff with technology available to produce reports and review new regulations concerning budget and accounting issues.
- Work with IT staff to enhance the accounting system with new payment options.
- Familiarize program managers with the COFRS data warehouse information that is available to them.
- Establish schedules and reports for division directors to review their revenues and expenditures.
- Streamline procedures in the accounting and cashier’ office.
- Continue to cross train accounting and budget staff to assist with duties during an employees’ absence.

TRENDS AND OTHER BASELINE INFORMATION:

Workload Assumptions:

All of the current accounting and budget functions -- budget, purchasing, payments, payroll, and financial analysis -- will experience increased workloads, primarily because of the addition of new or expanded programs, especially HAVA.

ACCOMPLISHMENTS:

- Continued incorporating Excel spreadsheets into budgeting process to replace manual ledger sheets.
- With assistance of other state agencies, began development of a process for downloading COFRS information into Excel spreadsheets in order to provide division directors with direct access to timely information on expenditures vs. budget.
- Since pre-paid accounts have continued to increase over the last fiscal year, made enhancements to the reporting functions for this procedure. This will increase in value as more electronic filings are implemented in the near future throughout the Department.
- Instituted credit card processing for numerous documents online.

CUSTOMER REQUIREMENTS:

Customer	Requirement
General Public, Program Managers, OSPB, JBC, Vendors, Counties	Timely and accurate reporting and processing of all financial transactions and preparation and monitoring of department budget.

SUB-PROGRAM: COMMUNICATION/PUBLIC RELATIONS

PROGRAM DESCRIPTION:

Since the 2000 General Election, the Office of the Secretary of State has received more public attention than has been noticed in previous years. The Office of the Secretary of State is a public service, high profile office. The Secretary of State is responsible for administering and statutory and constitutional programs regarding Colorado Business Entities law, Uniform Commercial Code, Colorado election law, voter registration law, the federal Help America Vote Act, campaign finance law, bingo/raffles law, the charitable solicitations act, and the commissioning of notaries public. The federal Help America Vote Act has been implemented in the Office of the Secretary of State and has increased the requirements of the public relating to elections. Therefore, the Public Relations office for the Secretary of State has assisted the public with additional inquiries and provided new information to media outlets.

The Help America Vote Act also requires additional education and outreach relating to elections, which has added an increased burden on the press officer for the Secretary of State. Because the Office of the Secretary of State is responsible for maintaining public records, providing easy and efficient access to those records, is responsible for protecting the integrity of the election process, and the citizen’s right to vote it is imperative to educate and assist customers with the ability to access information.

The Secretary of State’s office has been successful with several education awareness campaigns relating to all the divisions of the department. The Department is comprised of extremely diverse areas, and in order to promote compliance with statutes and policies, the office must take responsibility and utilize communications resources to educate our customers. The Office of the

Secretary of State has vigorously utilized the press to inform the public about changes that immediately impact citizens. In order to ensure the accuracy and timeliness of information, and maintain positive and beneficial relationships with the media, the Public Relations Office must establish and maintain an open communication process and a relationship of mutual trust and understanding. It is the intent of the Office of the Secretary of State to promote and encourage understanding, acceptance, cooperation, and awareness between the Department of State and the citizens of the State of Colorado. Additionally, it is the responsibility and intent of the Public Information Office to keep management informed about issues of concern and interest to the various divisions of the Secretary of State's office. The Public Information Office is also responsible for staying informed and responsive to issues related to public opinion and to anticipate trends related to duties and business of the office. The Public Information Office has continued to troubleshoot problems and has maintained open lines of communication with both the media and the public.

During June 2004, the Secretary of State suffered an unprecedented electrical phenomenon, "zinc whiskers", in the data center that made it difficult for the Department to continue to provide electronic services to customers. The office relies heavily on eGovernment services and worked diligently with internal and external customers to correct the problem as quickly as possible and provide services using alternative methods during the entire crisis. The Secretary of State's office quickly learned for the need to have a crisis communication plan to notify the public about the problems and changes to filing dates and alternative ways to access information maintained by the Secretary of State.

The Public Information Office focuses on the following open communication methods:

- Printed media such as newspapers, newsletters, and trade magazines.
- Communicate changes with internal customers and employees so information can be shared with constituents.
- Internal newsletter and communications.
- Website content, which provides current information and a description of services available.
- Updated phone scripts with latest information and services.
- Media relations involving press releases, press events, and interviews.
- Press releases sent to media outlets to inform the public about changes in laws, regulations, and services concerning the Secretary of State's office.
- Public interaction through research, training, and technical assistance.
- Promulgation of rules for clearer definition of statutes and issues.
- Legislative support.
- Issues management.

PRIORITIZED OBJECTIVES AND PERFORMANCE MEASURES:

OBJECTIVE 3.1. Development of Effective Communication through Web technology

	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Estimate	FY 05-06 Projected
MEASURE 3.1.1 Inquiries to the Website (page views per day)	75,000	95,000	150,000	200,000	300,000	350,000
MEASURE 3.1.2 Static website content reviewed, replaced, and updated as necessary to keep the public informed (% of web updates per month)				10%	30%	75%

ACTION PLAN:

- Continue to utilize current technology (web) to disseminate information to the public regarding current state and federal statutes and legislative changes and to provide electronic services whenever possible.
- Provide the press and public an easy access link to items of interest concerning business entities, elections, and licensing and enforcement. For example, allow the press to access monthly voter-registration totals on the website.
- Provide support to customers in the form of publications, training classes, web content, and seminars.
- Use key messages to reflect the organizations values, themes, direction, and position.
- Develop talking points and messages for the Secretary of State that specifically address a topic or issue of interest to media, legislative body, or public.
- Identify issues and conduct research and analysis to determine the impact to the agency as well as the customers it serves.
- Provide a clear, concise statement or program to assist the public in the understanding of issues and services.
- Act as an accessible point of information for the media and public.
- Respond to inquiries from the public concerning information relating to the Secretary of State’s office in a timely manner.
- Respond to complaints and concerns from constituents concerning policies of the Secretary of State’s office in a timely manner.
- Respond to customers via telephone and e-mail who need assistance with locating information within the state government system.
- Track media coverage of issues pertinent to the office of the Secretary of State.
- Track statistics relating to customers use of the website and phone system.
- Proactively anticipate needs of the media and provide information for dissemination to the media through press releases and press events.
- Increase public awareness of impending deadlines with regard to statutory filings, utilizing both the electronic (web) and printed media.
- Increase education and awareness of issues internally among staff through written communication, meetings, and newsletters to help dissemination of department mission and key messages.

- Monitor legislative process and coordinate communications with legislators and legislative committees as necessary.
- Partner with other state agencies and the private sector whenever possible for greater dissemination of information and services available to the public.
- Reach out to our more culturally diverse citizens and the state's physically challenged citizens to provide information in a more understandable format.

TRENDS AND OTHER BASELINE INFORMATION:

The mission of the Secretary of State's office is to serve the public by performing constitutional and statutory duties of collecting, securing, and communicating information, ensuring the integrity of elections, and enhancing commerce. In order for the Office of the Secretary of State to successfully complete this mission, it requires communication and education of how laws and policies directly affect the customer. Over the past several years, the Secretary of State's office has changed services dramatically and therefore needed to be vigilant about notifying the public about changes to policies, rules, and regulations concerning the five diverse divisions of the Secretary of State's office. To accomplish these requirements the Public Information Office must observe the day-to-day web feedback, e-mail, publications, other public and private Internet sites, regular mail, telephone calls, interaction with customers, and in-office interaction with our customers. The Office of the Secretary of State understands that customers are continually becoming more and more sophisticated with technology and are not always able to access the office within regular business hours. Therefore, the office has strived to improve customer service by adding additional conveniences with which customers can submit or retrieve information at home or work. The Public Information Office is continually analyzing and monitoring the office website, phone menus, and correspondence to improve communication with customers and respond to their needs and concerns.

ACCOMPLISHMENTS:

New and improved web design and applications have been implemented to make the website more user friendly. The public is required to work with the Secretary of State's office in order to file and retrieve information relating to elections, campaign finance, lobbyist registration, voter registration, bingo/raffles, charitable solicitations, notaries public, business entities, and uniform commercial code, therefore, it is imperative for the division to focus on customer service and provide up-to-date and easily accessible information. The Secretary of State has continued her commitment to providing positive, professional, and courteous customer service. The office has had success in being more proactive with communications with the public and media, and has been able to inform the public of increased services offered by the department.

In 2000, when the Secretary of State's website went live, the site was receiving only 4,000 page views per day. This amount have grown a hundred-fold in the last several years. In the past year, the website has been improved and now has more sophisticated look and feel and allows customers to access information about elections, licensing, and business entities. In addition, customers can search and file information relating to business entities, lobbyist registration and

disclosure reporting, campaign finance contributions and expenditures, charitable solicitations, and online CCR regulations.

The Secretary of State site continues to have updated information relating to rules notices and adoption, Secretary of State Advisory Opinions, and updated rules, regulations, and statutes concerning elections, licensing, and business entities. Additionally, the static content of the Secretary of State's website is fully ADA-compliant and fully satisfies the Bobby approved criteria and the WAI Priority 1 guidelines for Accessibility compliance level A. The Secretary of State's office has incorporated into its website the Web Accessibility Guidelines developed by the Governor's Office of Innovation and Technology and has complied with House Bill 00-1269. The Secretary of State's office has made it a top priority to serve all the states citizens and make information easily accessible.

Again this year, the Business Division and the Secretary of State have continued working with the Business Advisory Committee to improve relations and operations with the business community. The relationships with the business community have strengthened and a mutual respect has been established between the government and private sectors. Several business community leaders have acted in support of the offices programs and initiatives.

In accordance with House Bill 02-1119, the Secretary of State is assisting the Clerk and Recorder Electronic Filing Technology Fund Advisory Panel with implementation of electronic recording of title documents with the County Clerk and Recorder. The offices facilitation has helped improve communication with county clerk and recorders, vendors, and leaders in the technology community. The Secretary of State has greatly been able to assist counties with implementation of electronic recording and has been a great resource to the panel. The Secretary of State's office has a great deal of knowledge with e-filing and has been able to recommend and guide small to medium counties with appropriate types of technologies and systems for a government entity to implement. During the 2004 Legislative Session the General Assembly passed legislation that allowed County Clerk and Recorders to retain the full \$1.00 surcharge. The funds can be used for counties to upgrade their core recording systems or to purchase technology necessary to implement electronic recording. Currently, Douglas and Boulder counties are able to accept electronically filed submissions from real estate companies and from the Public Trustees office. Arapahoe, Weld, and El Paso Counties intend to go live with eRecording projects by the end of 2004. The Secretary of State's office has supported all of the activities of the County Clerk and Recorder Electronic Filing Technology Fund Advisory Panel by attending subcommittee meetings, giving presentations, and drafting rules and standards for counties to follow. The Secretary of State's office and County Clerk and Recorders Technology Fund Advisory Panel have established a relationship of trust and understanding and are jointly working together to fulfill the Advisory Panel's goal of having 25 counties electronically filing by July 1, 2007.

The Secretary of State's office is such a high-profile office and the press and public expect to get information regarding elections and election results quickly, therefore the Secretary now posts election results and the Abstract of Votes Cast on the web. Election night results are posted on the web as soon as they are made available to the Elections Division. This makes information easier to access for the public and press and eliminates phone calls for the staff during an already busy and stressful time. It is the Secretary of State's goal to make all election information easily

accessible to the public and the office recognizes the website is a tool that allows customers to access information easily and with little to no cost.

In the next several months the Secretary of State's office will implement its electronic rules project. This will allow state agencies to file rulemaking material with the Secretary of State electronically, and allow the Secretary of State to produce an electronic Code of Colorado Regulations and a monthly electronic Colorado Register for the public at no charge.

In order to make these improvements known to the public, the Secretary of State has been conducting offsite press events and training seminars in out-state locations that would especially benefit from electronic filing. Since last year the Secretary of State has continued to conduct training seminars with the press and with business, banking, agricultural, and elections communities in the counties of Routt, Alamosa, Saguache, Archuleta, La Plata, Montrose, Mesa, Garfield, and Summit counties. These events have reached up to 100 people per event. In addition, these events have resulted in an increase in the use of electronic filing and provided the public with hands on experience with our system and a positive, proactive image of Colorado e-government.

Over the past year, the Secretary of State has continued to provide bilingual information on the web, as well as in printed material. The Business and Election websites now include documents in English and Spanish. It is the intent of this office to not only inform but to make this process less intimidating for those unfamiliar with a democratic form of government.

SUB-PROGRAM: ELECTRONIC TECHNOLOGY FUND ADVISORY PANEL**PROGRAM DESCRIPTION:**

House Bill 02-1119 was designed to assist Colorado counties in implementation of electronic recording of title documents to the County Clerk and Recorders for recordation. In accordance with state law, the County Clerk and Recorders collected a \$1.00 surcharge on all recordings of real estate documents to help facilitate implementation of e-recording in Colorado.

This year the Advisory Panel adopted a Grant Administration Program (GAP) that was developed to more objectively score county grant applications. The GAP also makes the grant application request process more predictable for county clerks and they anticipate embarking on the path to eRecording. The Advisory Panel adopted aggressive goals to help the counties move from paper-based systems to fully electronic recording processes. The goals adopted by the Advisory Panel facilitate the legislative intent of the General Assembly in House Bill 02-1119 and Senate Bill 04-219.

Grant Administration Program Summary Description:

1. Any county is eligible for award that can demonstrate a business case and need.
2. The program is fact-based and built upon a defensible foundation.
3. The goal of the program is that by July 1, 2007 twenty-five counties are receiving electronic recordings.
4. Treasurer/Public Trustees are an immediate opportunity to achieve the goal.
5. State funds will be awarded with an emphasis on enabling the electronic submission of documents from a submitter to a Clerk and Recorder for recording.
6. An audit of applicant spending to-date is a key component of the application process to protect the integrity of the use of Public funds.
7. An emphasis is placed on the County spending contribution as part of the application process.
8. The County Workbook, created in Excel, is easy to use for the non-technical user and fully automated for Excel users.
9. The program guides applicants to understand the costs that are being proposed by vendors.
10. The background data used to create the program is contained in the State Workbook and can be updated easily as new data emerges through implementation.
11. The program does not require nor recommend any specific vendor, hardware, software, or solution.
12. The program is self-documenting throughout.

ACTION PLAN:

- Continue to develop and enhance the recommendations to county clerk and recorders concerning electronic recording activities.

- Require counties to use the Grant Administration Program (GAP) Application process to aid them in assessing their own recording systems and determine how feasible and costly recording will be to implement. Rules have been adopted by the Secretary of State concerning the application process.
- Implement rules already adopted concerning electronic notarization.
- Continue to make totals of the county and state funds, including direct and indirect expenses, available to the Advisory Panel and public.
- Continue to gain involvement and feedback from County Clerk and Recorders, Treasurers/Public Trustees, County Commissioners, State Legislators, and vendors.
- Create and maintain partnerships with the public and private sector to enhance the facilitation of electronic recording.
- Continue to gain involvement and interest from the real estate title record industry.
- Continue to provide information to the County Clerk and Recorder's relating to the activity of the Clerk and Recorder Electronic Technology Fund Advisory Panel.

TRENDS AND OTHER BASELINE INFORMATION:

The mission of the Electronic Filing Technology Fund Advisory Panel is to gather information relating to electronic filing of records filed with the County Clerk and Recorders' offices and provide information about electronic filing and grant information to the public and the County Clerk and Recorders throughout the state. Specifically, the Advisory Panel has been charged to "assist counties that otherwise lack sufficient resources either to purchase the technology necessary for the clerk and recorders to accept electronic filings or to provide the necessary training related to such technology".

Administration and compliance of House Bill 02-1119 and Senate Bill 02-219 requires continual data entry and auditing oversight. The unit also provides and maintains records information and assists in rulemaking. These support activities include:

- Monitoring and recording funds received by the Electronic Filing Technology Fund cash fund, including follow-up contact with counties that are not submitting funds or activity reports in a timely manner;
- Maintaining timely information about the Panel's activities on the website of the Advisory Panel, which is available from the Secretary of State's website;
- Recording, transcribing and making available to the public the meeting minutes of the Panel's monthly meetings;
- Making available to the public meeting minutes of the eight committees constituted by the Panel to examine various issues of concern regarding electronic filing and recording of real estate documents; and,
- Collecting, reviewing and making available to the public information from various public and private organizations that are working in the areas of electronic transactions, electronic recording, and electronic signatures. These organizations include the Mortgage Bankers Association of America, the Property Records Industry Association, the Mortgage Industry Standards Maintenance Organization, and the Notary Public Administrators Section of the National Association of Secretaries of State.

ACCOMPLISHMENTS:

The Electronic Filing Technology Fund Advisory Panel has adopted open standards and guidelines that counties must follow in order to receive funding from the Clerk and Recorder Electronic Filing Technology Fund. House Bill 02-1119 required that the Advisory Panel adopt recommended standards and guidelines by March 1, 2003. The Advisory Panel adopted recommendations by the deadline and is continually working to update their recommendations.

The Advisory Panel has established eight subcommittees to research topics related to the electronic recording of documents in Colorado. Those committees include the Technology Standards Committee, Business Rules and Standards Committee, Funding Applications/Criteria Committee, Electronic Notarization Committee, Auditing and Status Reports Committee, Indexing Standards Committee, Rules Committee, and Submitter's Committee. The Advisory Panel has worked hard to include county clerk and recorders, title company representatives, lawyers, vendors, and technology experts on all of their committees. These committees are required to meet once per month and report their findings to the Advisory Panel at their monthly meetings, which are open to the public.

Currently Douglas, Boulder, and Weld counties are accepting real estate documents electronically. These counties have been providing extremely valuable information to the Advisory Panel and counties concerning best practices and where problems and pitfalls can be avoided. Most counties receive 30% of their recording volume from Public Trustees and County Treasurers and 70% of those transactions occur on the Front Range. If counties continue to move toward eRecording of releases, it will eliminate lengthy turnaround times for all parties involved. The Advisory Panel is encouraged to have support the Colorado Public Trustees Association.

The Secretary of State has completed rulemaking procedures concerning grant applications, funding requests, reporting procedures, and electronic notarization. Electronic Notarization rules become effective November 30, 2004.

It is required that counties submit quarterly accounting forms to the Secretary of State's office to assist with auditing and reporting of how the funds are being collected and spent at the county level. Copies of these reporting forms are available and spreadsheets are maintained summarizing this information and are provided to the Advisory Panel.

In order to promote the trusted-relationship model that many national organizations have approved the Advisory Panel is recommending that County Clerk and Recorders adopt and sign Memoranda of Understanding with their vendors and submitters so all parties agree upon file formats for transmission, secure transaction options, receipt notification, reasons for rejected transactions, turnaround timeframes, delivery options, I.T. Service options, and payment options.

STRATEGIC PLAN / PROGRAM NARRATIVE

SECRETARY OF STATE / DEPARTMENT OF STATE

PROGRAM TITLE: Information Technology Services Division

CHANGE REQUEST(S): Decision Item #1

ESTIMATED TOTAL FUNDING:

Line Item	FY 2004-05 Total Appropriation		FY 2005-06 Total Request	
	Dollars	FTE	Dollars	FTE
Personal Services	\$ 2,390,457	24.1	\$ 2,458,970	25.6
Operating Expenses	\$ 585,617		\$ 1,321,310	
Hardware/Software Maintenance	\$ 876,120		\$ 967,228	
Information Technology Asset Maintenance Plan	\$ 3,189,413		\$ 294,700	
Totals	\$ 7,041,607	24.1	\$ 5,042,208	25.6

FEDERAL AND STATE STATUTORY AUTHORITY: Article IV, section 1, Colorado Constitution; Section 24-1-111, Title 24, article 21, C.R.S.

PROGRAM DESCRIPTION:

The Information Technology Services Division (ITS) consists of 25.6 staff members supporting the information systems needs of the entire Secretary of State’s office. Information Systems enables the diversified divisions within the Secretary of State to provide automated information services quickly and accurately.

Information Technology Services maintains the departmental infrastructure required to support the CDOS data center, web presence, desktop environment and telephony systems. These systems are utilized to support the data, communications and document imaging needs of Corporations, Uniform Commercial Code, Accounting, Notary, Campaign Finance, Lobbyist Regulation, Elections, Bingo/Raffle, Rules Publication, Uniform Electronic Transaction Act (UETA), and Charitable Solicitations programs within the Secretary of State’s Office and also supports the web presence of the entire Office. Utilizing the Internet as a means of receiving and delivering responsive, pertinent information from and to our customers is seen as an increasingly critical facet of fulfilling the Department’s mission of customer service. Internet-based, real-time electronic document filing has become an essential resource saving tool of the Department. Increased speed and ease of filing has increased customer satisfaction.

IT Objectives: The following objectives reflect the strategic direction of the Information Technology Services Division of the Secretary of State’s office.

OBJECTIVE 02.1 Storage system evaluation and replacement executed pursuant to the Imaging System Replacement Decision Item and storage/servers approved on the Asset Management Decision Item. This calls for the consolidation of database storage inside the CDOS data center into a single server/storage solution.

	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Estimated	FY 05-06 Projected	
MEASURE 02.1.1 Analyze and procure solution for hardware and software.	N/A	100%	100%	100%	
MEASURE 02.1.2 Implement hardware/software solution and migrate system storage to new platform.	N/A	75%	90%	100%	

Action Plan:

- Analyze and assess storage alternatives parallel to vendor availability
- Make vendor selection based on bids, technology and availability.
- Train staff on new solution
- Implement new hardware
- Migrate systems from older storage media.

OBJECTIVE 03.1 Supported state legislation and enable implementation of the Help America Vote Act (Public Law 107-252) – The President signed this Federal election reform law in October of 2002, and enabling state legislation (H.B. 03-1356) has been signed into law. Federal law calls for a statewide voter registration system to be in place by January 1, 2006.

	FY 03-04 Actual	FY 04-05 Estimated	FY 05-06 Projected	FY 06-07 Projected	
MEASURE 03.1.1 Provide fully functional statewide voter registration system at all county locations.	25%	80%	100%	100%	

Action Plan:

- Set up project management office (PMO).
- Assist in building State of Colorado (HAVA) plan to the Congress’s Elections Assistance Commission (EAC)
- Assess county capabilities
- Contract needed subject matter expert staff for specific needs.
- Provide for replacement of Punch Card voting machines.
- Select Vendors for various facets of the statewide voter registration system.

OBJECTIVE 02.2 Project Phoenix. Re-engineering of office systems supporting business filings, and will move this division even further toward a fully e-government model. Cooperatively worked with the Business Division, representatives of the Business Law Section of the Colorado Bar Association, and other stakeholders in defining the scope and character of changes to office systems supporting administration of business entity law (changes required by H.B. 02-1147). Base System must be implemented on July 1, 2004 per statute.

	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Estimate	FY 05-06 Projected
MEASURE 02.2.1 Provide new fully functioning business back office, web presence and batch system that meets the requirements of H.B. 02-1147.	10%	25%	70%	95%	100%

Action Plan:

- Assist in construction of H.B. 02-1147
- Build fiscal note and action plan for H.B. 02-1147.
- Select Project Manager for HB. 02-1147; project code-named ‘Phoenix’.
- Build Requirements Document for Phoenix project.
- Procure new computer language (Websphere) for new project.
- Train developers in use of new language.
- Develop code base to meet specifications of Requirements Documents.
- Build IBM Websphere development and production environments in data center.
- Modular Test
- Integration Test
- User Acceptance
- Implementation of base system July 1, 2004.
- Implement and phase in e-filing transactions during fiscal year 2004-05 and 2005-06.

• **OBJECTIVE 01.4** Administrative Rules Project in progress (H.B. 02-1203, H.B. 03-1350) – web-based publishing of all administrative rules, effective and proposed, and notices of hearings; subscription-based access to these rules, Legislative Legal Services opinions, AG opinions will provide financial support of the system in the future; historical rules will be available via the web-based system on a “going-forward” basis.

	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Estimated		
MEASURE 01.4.1 Provide fully functional Administrative Rules System for state wide use.	25%	60%	100%		

Action Plan:

- Select Vendor.
- Build infrastructure in data center to support vendor code base.
- Test / Accept vendor-coded system
- Implement

Assumption: New vendor successfully completes project per contract on schedule. Previous vendor failed thus causing CDOS to rollover funding to the next fiscal year.

<ul style="list-style-type: none"> • OBJECTIVE 04.1 Pursuant to H. B. 04-1300, provide a web-based system to provision notaries with electronic document authentication numbers. In the second year, provide a fully functional web-based system for electronic filing and retrieval of information regarding notaries public. 					
	FY 04-05 Estimated	FY 05-06 Projected	FY 06-07 Projected		
MEASURE 04.1.1.- System implementation.	25%	100%	100%		

Action Plan:

- Collect Requirements
- Design System
- Build System
- Implementation

<p>OBJECTIVE 04.6 Pursuant to H. B. 04-1448 concerning trade name registrations for entities that currently file with the Department of Revenue shall begin filing with the Department of State. This will entail adding filing capabilities to the current Business Entities System. Sole Proprietorship and General Partnership filing for internal and External facing systems must be incorporated into current CDOS e-filing systems. Legacy data at CDOR must be converted to CDOS format.</p>					
	FY 04-05 Estimate	FY 05-06 Projected	FY 06-07 Projected		
MEASURE 04.1.1. - Requirements Collection	10%	100%	100%		
MEASURE 04.1.2 – DATA CONVERSION	0%	95%	100%		
MEASURE 04.1.3 – SYSTEM IMPLEMENTATION	0%	90%	100%		

Action Plan:

- Collect requirements
- Build System
- Data Collection and Conversion

- Build interfaces
- Hire staff
- Implement System

OBJECTIVE 04.7 – Computer Room Restoration Project – Due to zinc whisker contamination the CDOS data center must find a new location. This will entail an analysis of Co-Locating vs. Ownership of CDOS datacenter. This project has the potential of moving the entire CDOS office and data center from its current location.

	FY 04-05 Estimate	FY 05-06 Projected			
MEASURE 04.7.1 - Rebuild CDOS data center in new location. Accomplish move of entire CDOS business divisions to new facilities.	100%				

Action Plan:

- Assist lease negotiations
- Assist in space planning
- Build new computer room or establish co-location
- Build new camera security system
- Install new doorlock system
- Plan data and telephony wiring for new line of business facilities
- Implement new web connectivity to new location
- Clean and abate all CDOS computer equipment of zinc whiskers
- Move CDOS computer hardware to new facility
- Facilitate move of all desktop, printer and user peripheral computer equipment to new location.

Trends and Other Baseline Information

Existing Conditions:

Traditionally, access to the Secretary of State’s Office has been limited to counter, phone, mail, and fax. With the evolution of technology, citizens expect access and responsiveness to which they are entitled, at times and places chosen by them, not by their government. In many instances this is being supported, in large part, by the expansion and deployment of technology. We see much of this happening through expanding Web technologies. Both inquiries and filings may be performed via the World Wide Web.

The Secretary of State’s office has worked hard over the last few years to recruit and retain knowledgeable workers in the information technology Field. The job market in this industry

has temporarily become advantageous to the employer. It is our belief that the weak market for persons with technical skill will not persist in the long run. It is therefore important that we continue our efforts to retain good knowledgeable information technology staff. We are taking measures to retain current staff through methods such as providing challenging work assignments, training, recognition, bonuses and other innovative approaches. Those we have retained are a talented and dedicated group of IT professionals of which we are proud. We feel our efforts to maintain a good employee relationship during slow economic times will not go unnoticed by the employees when good economic times again return.

Zinc Whisker Incident:

On June 10, 2004 CDOS data center suffered large scale computer outages due to a zinc whisker problem. Defective and aging computer room raised floor tiles cause the problem. Tiles over 5 years old are candidates for this defect. In the industry this is considered a very rare occurrence. The electroplating on the sides and undersides of the computer room floor tiles began breaking down and emitting zinc fibers. These fibers break off and are blown under the floor by the air conditioning and directed into the equipment by the air vent tiles placed under computer rack systems. These conductive zinc whiskers may land on crucial components within a computer device and cause a failure by shorting components and circuits. The computer outage lasted twenty-one days before the problem was isolated and diagnosed. At the time of writing this the CDOS data center has been evacuated of most computer equipment and moved to a temporary location. CDOS must rebuild the data center and cleanse or replace the affected computer equipment. This experience has highlighted the need for a business continuity computer site. This budget request includes a decision item to justify and quantify this effort. The Secretary approached the Joint Budget Committee (JBC) for a supplemental appropriation funding to pay for costs incurred by this event during fiscal year 2003-04. This was granted by the JBC. The Secretary of State has granted authority under a second supplemental request in September of 2004 to take actions to address the need for a departmental data center. The Department has worked closely with the Governor's Office of Innovation and Technology (OIT), the Commission on Information Management (IMC) and the JBC as we examine the alternatives for meeting this duty.

Accomplishments in the Previous Fiscal Year:

- Storage system evaluation and procurement was executed pursuant to the Imaging System Replacement Decision Item and storage/servers approved on the Asset Management Decision Item. This called for the consolidation of database storage inside the CDOS data center into a single server/storage solution.
- Business Entities Phoenix Project – Initiated by Title 7 changes in business entity laws – This has been a large-scale development effort project to replace the legacy software applications and redesign workflow in this division. This effort builds a foundation for e-filing all transactions within the Business Division. Base System went live July 6, 2004 with two e-filing transactions. At the current time, eleven filing transaction are available online for customers that must file with the Department. The potential exists to create e-filing transactions for all seventy-six possible business transactions.

- Colorado's implementation of the Help America Vote Act (HAVA) and Statewide Colorado Registration and Elections system (SCORE) effort – The Information Technology Services division has provided technical support for this project. At this time, the prime contractor retained for this project as well as the Independent Verification and Validation (IV&V) agent are engaged in designing and planning for the development and deployment of the SCORE system. This project is scheduled for completion in January of 2006.
- Electronic Rules Publication System – The deployment of a web-based electronic system for publication of notices of rulemaking and administrative rules is expected to be complete by the end of the calendar year.
- Document Imaging System Upgrade (two-year decision item from FY 2002-03) has been completed; the legacy document management system has been retired from service.
- Electronic Recording of real estate documents by county clerks moving forward (H.B. 02-1119) – This program, overseen by an Advisory Panel consisting of two county clerk and recorders, one county commissioner, one title industry representative and one CDOS staff member, has established guidelines for electronic recording of real estate documents in the counties. While this program has no direct impact on the operations of the Secretary of State, we have provided support to the Panel in the development of this program.

Significant Activities in the Current Fiscal Year

- Actions in support of re-establishing the department data center will require significant effort on the part of the division, and the office as a whole.
- Pursuant to H. B. 04-1300, the Department will provide a web-based system to provision notaries with electronic document authentication numbers. This phase of the implementation of the bill will be complete on November 30, 2004.
- Continuing work on the implementation of S.B. 03-230 (UETA) is in progress. This law grants rulemaking authority to the Secretary of State where electronic signatures and electronic transactions are used in executing government transactions.
- Support of the HAVA division in the design and deployment of the SCORE system will continue to be a significant effort.

Information Technology Services Initiatives FY 2005-06

- The next phase of activities for implementing H.B. 04-1300 will commence. This consists of providing a web-based system for electronic filing and retrieval of information regarding notaries public.
- H.B. 04-1448 will change the proper location for filing business trade name registrations. This function is being moved from the Colorado Department of

Revenue (DOR) to CDOS. This will entail adding filing capabilities to the current CDOS Business Entities System. Transactions for Sole Proprietorships and General Partnerships, both internal and external facing systems, must be incorporated into CDOS e-filing systems. Legacy data at DOR must be migrated and converted to CDOS and placed in the CDOS business entities database. Systems that support the Business Entities program must be enhanced to handle the new transactions required of CDOS.

- Continuing effort in support of UETA will be required as the use of electronic signatures and electronic transactions is expected to continue to increase.
- Disaster Recovery Computer Facility – CDOS sees the need for a disaster recovery computer facility. It is the vision that this facility would be able to transact CDOS business in the event that the primary datacenter was crippled or incapacitated.

Assumptions and Calculations

The effects of the zinc whisker incident have long lasting repercussions. CDOS I.T. staff has worked long and hard to recover from the problem. While finding a temporary location for the computers to operate from works for the moment, the situation is less than ideal. The work effort to maintain the computer operation from this temporary location is increased. This puts extra workload on CDOS I.T. staff. Projects initiated and legislated are more difficult to accomplish in this environment. This increases the risk of project success or at minimum a risk to project completion on a timely basis. This staff will soon be tasked with establishing the data center in a new permanent location. This is an unscheduled project due to the emergency. This should be the final effort in bringing closure to an unfortunate event. Our line of business customers have experienced considerable hardship due to the extended period when we could not provide online services, as indicated in previous supplementals. The loss of customer goodwill and credibility in our process must be restored. CDOS is proposing to move forward with a decision item that provides for a disaster recovery computer site. If the department had been operating a disaster recovery site, computer downtime could have been minimized during the June 2004 event.

The impact of continuing to provide additional services to our customers via the Internet is uncertain. While our customers will be able to access more and more information on their own, the need for technically savvy customer service will no doubt increase. This has required that line staff become more familiar with Internet services, and may eventually require that we move toward providing technical and subject matter support outside our normal business hours. The office provides walk-in service and subject-matter support via telephone during our office hours (7:30 a.m. to 5:00 p.m. M-F), and technical support is available from 6:30 a.m. to 7:00 p.m. on weekdays. This schedule, while it may be typical of or better than most government agencies, leaves users with no subject matter support during evenings and weekends, and no access to technical support on evenings and weekends. As we move more toward providing 24x7x365 access to information, we need to evaluate the necessity and feasibility of providing help desk

support outside normal business hours. We anticipate that this area will receive attention in the future.

The impact of the implementation of the statewide voter registration and election management systems required by HAVA on the Information Technology Services division is uncertain. While our division has provided technical support to the HAVA division and the prime contractor on this project, the long-term involvement of the ITS division in this project has not yet been defined. The current status of the department's data center only serves to increase the uncertainty of ITS involvement in this project in the short- and long-term.

Strategic Plan / Program Narrative

SECRETARY OF STATE / DEPARTMENT OF STATE

PROGRAM TITLE: Election Code Supervision

CHANGE REQUEST(S): None

ESTIMATED TOTAL FUNDING:

Line Item	FY 2004-05 Total Appropriation		FY 2005-06 Total Request	
	Dollars	FTE	Dollars	FTE
Personal Services	\$154,107	3.0	\$154,107	3.0
Operating Expenses	\$30,862		\$30,862	
Totals	\$184,969	3.0	\$184,969	3.0

FEDERAL AND STATE STATUTORY AND CONSTITUTIONAL AUTHORITY: Article VII, Colorado Constitution; Title 1, Articles 1 through 13 and 40, C.R.S.; federal “National Voter Registration Act of 1993”, 42 U.S.C. sec. 1973gg.

PROGRAM DESCRIPTION:

The Secretary of State is responsible for administration and supervision of numerous statutory provisions relating to the conduct of elections for the State of Colorado. Election Code Supervision includes: ballot access for candidates, preparation of elections, conduct of elections, voting, voting systems, National Voter Registration Act, and providing access and assistance to the public and elected officials.

PRIORITIZED OBJECTIVES AND PERFORMANCE MEASURES:

OBJECTIVE 1.4.1: Maximize accessibility of election data by streamlining the process through the use of technology.					
	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Estimate	FY 05-06 Projected
MEASURE 1.4.1 Working days required for verifying a statewide candidate petition	18	18	18	14	18
MEASURE 1.4.2 Error rate	1%	1%	1%	1%	1%
MEASURE 1.4.3 Reduce the number of days the state voter registration file lags the local file.	5	5	5	5	5

TRENDS AND OTHER BASELINE INFORMATION:

This program will continue to provide information on a regular basis to candidates for elective office and will continue to respond to citizen inquiries. This program certifies

new election equipment for use in the state; it is anticipated that vendors will supply several new voting machines for certification each year. Monthly compilations of voter registration information are sent to the counties. There are increased efforts to register voters and to encourage electoral participation that will increase the workload of this program.

CUSTOMER REQUIREMENTS:

Customer	Requirement
Public	Participation in the election process.
Candidates	Understanding and ability to comply with state statute requirements

Strategic Plan / Program Narrative

SECRETARY OF STATE / DEPARTMENT OF STATE

PROGRAM TITLE: Campaign and Political Finance

CHANGE REQUEST(S): None

ESTIMATED TOTAL FUNDING:

Line Item	FY 2004-05 Total Appropriation		FY 2005-06 Total Request	
	Dollars	FTE	Dollars	FTE
Personal Services	\$205,087	5.0	\$162,900	3.4
Operating Expenses	\$41,149		\$38,149	
Totals	\$246,236	5.0	\$201,049	3.4

FEDERAL AND STATE STATUTORY AND CONSTITUTIONAL AUTHORITY: Article XXVIII, Colorado Constitution; Title 1, Article 45, C.R.S.

PROGRAM DESCRIPTION:

Article XXVIII of the Colorado Constitution, concerning Campaign and Political Finance, was a citizen initiative approved by Colorado voters, which took effect on December 6, 2002. This article added numerous provisions concerning contribution limitations, voluntary spending limits, new types of committees and reporting requirements to the statutory Fair Campaign Practices Act. The Fair Campaign Practices Act was a citizen initiative approved by Colorado voters, which replaced the Campaign Reform Act (CRA) in January 1997. Administration and compliance of the CPF/FCPA includes numerous provisions relating to the conduct of campaigning for public office, including reporting of campaign contributions and expenditures, maintaining a filing and indexing system, and providing assistance to candidates, media and the public. Article XXVIII requires continual data entry, auditing oversight, training, and customer service for both manual and electronic filers. The unit also provides records information for the general public, locally and nationally.

PRIORITIZED OBJECTIVES AND PERFORMANCE MEASURES:

OBJECTIVE 1.1: Maximize public accessibility as directed in CRS 1-45-109(6)(a), by creating a telecommunications network that enables electronic filings of documents required by Article XXVIII and Title 1, Article 45					
	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Estimate	FY 05-06 Projected
MEASURE 1.1.1 Implement and enhance electronic filing of required FCPA reports.	Completed	Completed	Completed	Enhance	Completed

MEASURE 1.1.2 Improve availability of public information	60% of state filing next day	70% of state filing next day	80% of state filing next day	80% of state filing next day	85% of state filing next day
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OBJECTIVE 1.2: Maximize public accessibility and compliance among filers under the Act					
	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Estimate	FY 05-06 Projected
MEASURE 1.2.1. Conduct instructional classes for designated election officials and candidates.	20	20	25	25	20
MEASURE 1.2.2. Conduct staff training programs to maintain and improve professional expertise.	4	4	4	5	4
MEASURE 1.2.3. Number of CPA/FCPA filings per year	2,500	5,050	9,500	10,000	12,500

TRENDS AND OTHER BASELINE INFORMATION:

This program supports candidates and committees who are obligated to file under the CPF/FCPA. It also provides information in response to inquiries from candidates, citizens, and the media. The program has an electronic mail notice system to reduce the non-compliance rate. The program is statutorily directed to provide electronic filing which is now available.

CPF/FCPA workload includes approximately 600 active committee filings, nearly 50% of which are candidate filings for each reporting period. These numbers increased during the 2004 Election Cycle and will continue to increase due to the Federal electioneering communications requirement and the popularity of the small donor committees created by Article XXVIII.

The Elections Division has successfully implemented a document tracking system for campaign finance filings in the division. The division is utilizing a high-speed scanning system for these filings in lieu of a flatbed scanner previously used, although the current scanner is in need of replacement due to the tremendous number of documents scanned. This allows the division to post filings quickly and have the images of the documents available to the general public through the office website.

CUSTOMER REQUIREMENTS:

Customer	Requirement
Candidates and issue committees	Reporting forms and access to information which allows compliance to meet disclosure requirements
Public, media, schools	Access to information disclosed by candidate and issue committees regarding contribution and expenditures

ASSUMPTIONS AND CALCULATIONS:

Citizens will continue to seek public office. Financial disclosure will continue to be required, and additional reporting detail will be required.

ACTION PLAN:

- Create training schedule database
- Schedule in-house computer-based training
- Increase staff participation in Colorado Municipal League
- Increase staff participation in County Clerks Association
- Encourage staff to enroll in appropriate classes

Strategic Plan / Program Narrative

SECRETARY OF STATE / DEPARTMENT OF STATE

PROGRAM TITLE: Initiative and Referendum

CHANGE REQUEST(S): None

ESTIMATED TOTAL FUNDING:

Line Item	FY 2004-05 Total Appropriation		FY 2005-06 Total Request	
	Dollars	FTE	Dollars	FTE
Personal Services	\$135,285	3.0	\$135,285	3.0
Operating Expenses	\$25,549		\$25,549	
Totals	\$160,834	3.0	\$160,834	3.0

FEDERAL AND STATE STATUTORY AND CONSTITUTIONAL AUTHORITY: Article V, Section 1, Colorado Constitution; Title 1, Article 40, C.R.S.

PROGRAM DESCRIPTION:

Initiative and referendum is a fundamental power reserved by the people to propose laws and amendments to the constitution or statutes and to enact or reject the same at the polls. Administration of the initiative and referendum process includes numerous provisions, including filing and indexing for proposed initiatives, conducting title board hearings, verification of petitions, and providing assistance to the public.

PRIORITIZED OBJECTIVES AND PERFORMANCE MEASURES:

OBJECTIVE 2.1: Maximize public accessibility and accountability, through the use of technology, in the petition process.					
	01-02 Actual	02-03 Actual	03-04 Actual	04-05 Estimate	05-06 Projected
MEASURE 2.1.1 Working days required for verifying a initiative statewide petition.	30	15	14	30	30
MEASURE 2.1.2 Error rate	1%	1%	1%	1%	1%
MEASURE 2.1.3 Petitions verified	2	6	6	6	6
MEASURE 2.1.4 Initiatives submitted to the Title Board	95	70	165	95	95
MEASURE 2.1.5 Number of titles set	75	58	65	75	75

TRENDS AND OTHER BASELINE INFORMATION:

This program reviews petitions and determines sufficiency of signatures for placement on the ballot. Peak workload will require temporary employees who must be closely supervised and whose work must be checked for quality assurance. In order to assure high quality, temporary employees will be sought from local colleges and universities, particularly among students who have a demonstrated interest in the election process.

The number of initiative petitions that must be verified will increase from the last election cycle, as non-TABOR initiatives are only allowed on the ballot in the even-numbered years. During these even years, a higher voter turnout is expected, particularly during a presidential election year, thus directly affecting the number of signatures required to submit an initiative petition.

This program supports a minimum of 33 public title setting board hearings each year, and an emergency hearing may be held in the month of May if required. This program provides all of the clerical and follow-up support necessary to set titles to review petitions for compliance with the statutes and to certify signatures after the petitions are circulated, to assist with the protest process and to archive the petitions once the thirty-day protest period has passed. Each title setting hearing will consider between two and eight proposals.

CUSTOMER REQUIREMENTS:

Customer	Requirement
Public	Participation and confidence in the election process
Proponents	Understanding of Colorado Revised Statutes and state requirements

ASSUMPTIONS AND CALCULATIONS:

The growth in utilization of the initiative and referendum process is continuing in Colorado. We anticipate a minimum of six initiative petitions to be submitted for signature verification. Many more are possible. Currently, 67,829 valid signatures are required for certification to the ballot. In order to achieve this number of valid signatures, proponents attempt to file petitions with at least 100,000 to 120,000 total signatures. The required number of signatures is based on 5% of the total number of votes cast for the office of Secretary of State in the last general election.

Due to the precision and skill necessary to process petitions fairly and accurately within a very tight deadline and due to the increasing number of initiative petitions that are expected to be filed, the cost of hiring temporary employees is projected to be greater than that in previous non-general election years.

Strategic Plan / Program Narrative

SECRETARY OF STATE / DEPARTMENT OF STATE

PROGRAM TITLE: Statutory Filings

CHANGE REQUEST(S): None

ESTIMATED TOTAL FUNDING:

Line Item	FY 2004-05 Total Appropriation		FY 2005-06 Total Request	
	Dollars	FTE	Dollars	FTE
Personal Services	\$ 127,359	2.0	\$ 127,539	2.0
Operating Expenses	\$ 10,740		\$ 10,740	
Totals	\$ 138,279	2.0	\$ 138,279	2.0

FEDERAL AND STATE STATUTORY AND CONSTITUTIONAL AUTHORITY: Article VII, Colorado Constitution; Title 1, Articles 1 through 13, Title 24, article 21, C.R.S.; federal "National Voter Registration Act of 1993", 42 U.S.C. sec. 1973gg.

PROGRAM DESCRIPTION:

The Secretary of State is responsible for administration and enforcement of numerous statutory filing provisions relating to the conduct of elections for the State of Colorado. Statutory filings include: reporting by political party organizations, notice and preparation of elections, voting, certification of ballot, conflict of interest, town abandonment, oaths, maintaining a filing and indexing system, election certifications from county clerk and recorders, candidate petitions, and providing access and assistance to the public and elected officials.

PRIORITIZED OBJECTIVES AND PERFORMANCE MEASURES:

OBJECTIVE 1.3.1: Maximize accessibility of election data by streamlining the process through the use of technology.					
	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Estimate	FY 05-06 Projected
MEASURE 1.3.1 Number of days to produce election abstract after certification of results	60	186	238	60	60

TRENDS AND OTHER BASELINE INFORMATION:

The voter registration system (INTEGRITY) was implemented in fiscal year 2001-2002 and was designed to meet the needs of counties and state government. This system will remain in effect at least until the statewide centralized voter registration system goes into effect in FY 2005-06. Because of the federal mandate for a centralized voter registration

system, the additional 13 counties that requested to come on to the state INTEGRITY system will now wait until the statewide system is in effect.

This program identifies political parties, minor political parties, and qualified political organizations pursuant to the statute. This program receives copies of the constitution, boards of directors, and rules and regulations of the parties. It maintains files and certifies to the county clerk and recorders the appropriate registration designations for voters seeking to register with the parties.

This program verifies the information that must be sent to electors by statute. These activities include review of mail ballot election plans, emergency plans, TABOR notices, voter registration notices, and others.

With the passage of House Bill 03-1142, minor political parties in the State of Colorado must participate in the caucus, assembly, and primary election process. Due to the addition of minor parties in this ballot access scheme, the program will see an increase in party committee rule and regulation filings. Inclusion of minor parties in the process will augment the number of candidates on the primary ballot in turn increasing the number of candidate acceptances, party designations and candidate petitions that will need to be processed.

One method of initiating a political party in Colorado requires the circulation of a petition. A minimum of 10,000 qualified signatures must be collected and verified by each organization seeking minor party status. Currently, there are no organizations circulating a petition to seek minor party status, however, we did receive two petitions for organizations seeking minor party status in the '03-'04 fiscal year. Both petitions contained the statutorily required number of valid signatures and both petitions were deemed sufficient.

Additionally, the Elections Division has successfully implemented a document tracking system for statutory filings in the division. Also, the division is utilizing a high-speed scanning system for statutory filings in lieu of a flatbed scanner previously used. This allows the division to post filings quickly and have the images of the documents available to the general public through the office website. These two projects were implemented without the need for purchasing new equipment or acquiring additional personnel.

CUSTOMER REQUIREMENTS:

Customer	Requirement
Public	Ability to view election information in a variety of ways including printed and electronic
Proponents	Understanding and ability to comply with state requirements. Minimal "non-compliance" factors with data conversions.

Strategic Plan / Program Narrative

SECRETARY OF STATE / DEPARTMENT OF STATE

PROGRAM TITLE: **Local Election Reimbursement**

CHANGE REQUEST(S): **None**

ESTIMATED TOTAL FUNDING:

Line Item	FY 2004-05 Total Appropriation		FY 2005-06 Total Request	
	Dollars	FTE	Dollars	FTE
Personal Services	\$ 88,585	2.0	\$88,585	2.0
Operating Expenses	\$ 20,575		\$20,575	
Totals	\$109,160	2.0	\$109,160	2.0

FEDERAL AND STATE STATUTORY AND CONSTITUTIONAL AUTHORITY: Sections 1-5-505.5, 1-7-116, 1-45-112 (2), and 24-21-104.5, C.R.S.

PROGRAM DESCRIPTION:

Under the State Election Code, the Fair Campaign Practices Act, and section 24-21-104.5, C.R.S., the State reimburses local governments for certain costs of administering state election laws.

PRIORITIZED OBJECTIVES AND PERFORMANCE MEASURES:

There are no performance measures associated with this program.

TRENDS AND OTHER BASELINE INFORMATION:

The state will reimburse counties for the cost of the duties performed by the county clerk and recorder that relate to conducting the election on state ballot issues or ballot questions in the November 2005 election based on the calculation provided in C.R.S. 1-5-505.5

CUSTOMER REQUIREMENTS:

Customer	Requirement
Local Governments	Reimbursement for election costs incurred pursuant to state law

ASSUMPTIONS AND CALCULATIONS:

There will continue to be a need for state funds for elections conducted by local government. For FY 2005-06, the base amount of the reimbursement is based on the formula enacted in section 1-5-505.5, C.R.S., by House Bill 00-1100.

The reimbursement formula is based on the number of active registered voters in each county as of the date of the November election. The number of active registered voters in most counties is expected to be significantly higher in November 2005 than in previous odd-numbered election years. The increase is attributable to increased population and in significant increases in voter registration experienced during the 2004 election year. During the 2004 legislative session, the Assembly approved the Department's decision item in last year's budget request to increase funding for reimbursement in anticipation of the increase in voter registration.

Strategic Plan / Program Narrative

SECRETARY OF STATE / DEPARTMENT OF STATE

PROGRAM TITLE: Lobbyist Registration and Reporting

CHANGE REQUEST(S): None

ESTIMATED TOTAL FUNDING:

Line Item	FY 2004-05 Total Appropriation		FY 2004-05 Total Request	
	Dollars	FTE	Dollars	FTE
Personal Services	\$ 112,931	2.0	\$ 112,931	2.0
Operating Expenses	\$ 10,740		\$ 10,740	
Totals	\$ 123,671	2.0	\$ 123,671	2.0

FEDERAL AND STATE STATUTORY AND CONSTITUTIONAL AUTHORITY: Title 24, Article 6, Part 3, C.R.S., “Regulation of Lobbyists”.

PROGRAM DESCRIPTION:

The Lobbyist Section distributes forms and instructions for professional and state official /employee lobbyist registrations and professional lobbying disclosure statements and files such registrations and disclosures, keeping them available and furnishing them for public access. This program is also responsible for instituting registration suspension or revocation procedures for violations of the registration and/or disclosure requirements and delinquent disclosure notices and fines.

PRIORITIZED OBJECTIVES AND PERFORMANCE MEASURES:

OBJECTIVE 2.1 Improve the accuracy, clarity, and timeliness of lobbying related forms and information distributed	01-02 Actual	02-03 Actual	03-04 Actual	04-05 Estimate	05-06 Projected
MEASURE 2.1.1 Date by which forms packets have been reviewed, revised /updated, and made available to prospective registrants for the following fiscal year	05/15	N/A Complete	N/A Complete		
MEASURE 2.1.2 Date of availability of first printed lobbyist directory	On Request Available on website	N/A Complete	N/A Complete		
MEASURE 2.1.3 Frequency of printed lobbyist directory updates, January through April	On Request	N/A Complete	N/A Complete		

OBJECTIVE 2.2 Decrease and ultimately eliminate the use of paper for lobbyist filings and make the process faster, cheaper and more convenient by implementing an electronic filing system					
	01-02 Actual	02-03 Actual	03-04 Actual	04-05 Estimate	05-06 Projected
MEASURE 2.2.1 Percentage of implementation project completed	100%	100%	N/A Complete	N/A Complete	N/A Complete
MEASURE 2.2.2 Percentage of filings made electronically	85%	90%	95%	99%	99%

OBJECTIVE 3.1 Increase the usefulness and timeliness of lobbyist information provided to the public by reducing disclosure delinquency rate and duration					
	01-02 Actual	02-03 Actual	03-04 Actual	04-05 Estimate	05-06 Projected
MEASURE 3.1.1 Promptness of delinquency notices (expressed in days after due date)	2	2	1	1	1
MEASURE 3.1.2 Filing deadline/date of fine accrual commencement (expressed in days from date of delinquency notice)	1	1	1	1	1
MEASURE 3.1.3 Percentage of delinquent lobbyists sent delinquency notices within 3 business days of target date (3.1.1)	100%	100%	100%	100%	100%
MEASURE 3.1.5 Average duration of delinquency	5 days	5 days	3 days	3 days	3 days

TRENDS AND OTHER BASELINE INFORMATION:

Existing trends and conditions have not changed materially in the past year. Lobbyists are more and more the legislature’s “institutional memory” as legislators are term-limited, and long seniority becomes a thing of the past. Lobbyists’ influence continues to increase concomitantly, as does the importance of clear, accessible, current public information on lobbying activities.

At the same time, fewer and fewer lobbyists are single-area specialists, and the trends toward diversification of individual lobbyists’ practices, heightened contract and client acquisition activity, and more frequent changes throughout the legislative session are also continuing. This, in turn, increases the need for constant updating of lobbyist information, especially during the legislative session. Lobbyists also seem to be busier every year, if that is possible, and need clear reporting schedules and forms, as well as timely reminders of requirements and deadlines, more than ever before.

With the passage of Senate Bill 01-21, the Department implemented an electronic registration and reporting system for lobbyists. The Department is educating lobbyists about the new system and encouraging lobbyists to file electronically.

ACCOMPLISHMENTS:

During FY 00-01, with the help of the lobbying community, registration and reporting forms were revised and updated. The unit also instituted an action plan by establishing rules, with the help of a lobbyist advisory committee, on electronic registration and disclosure filings.

During FY 01-02, CDOS made available an electronic lobbyist inquiry/filing system. This system allows lobbyists to register and enter their periodic filings on the Web. It allows the public to view the information about lobbyists in a real-time mode for free. This system has had a 95% adoption rate amongst the lobbyists.

During FY 03-04, a lobbyist task force requested that the Department add State House and Senate Rules and Legislative Legal Services rules to the lobbyist information previously published. This was done and appears on the Department's Internet website. Working with the lobbyist task force, staff from the Department helped conduct in a mandatory lobbyist training program at the Capitol just before the 2004 legislative session.

E-mail was increasingly used for lobbyist contacts and reminders, and lobbyist lists and information were made available via the Internet. These uses of available technology for dissemination of information are making communications faster, cheaper, and more convenient for lobbyists, the general public, and the Department itself.

Electronic lobbyist registration and reporting has become the method of choice for the vast majority of currently registered lobbyists with a 95% electronic filing rate.

CUSTOMER REQUIREMENTS:

Customer	Requirement
Press, legislators and interested citizens	Accessible, updated lobbyist directories and information, available on demand
Lobbyists and prospective lobbyists	Understanding of the requirements of the law governing lobbying; clear, timely forms and instructions for registration and reporting; uniform formats, deadlines, and follow-ups for registration and reporting; prompt notice of any reporting delinquency

Strategic Plan / Program Narrative

SECRETARY OF STATE / DEPARTMENT OF STATE

PROGRAM TITLE: **HELP AMERICA VOTE ACT**

CHANGE REQUEST(S): None

ESTIMATED TOTAL FUNDING:

Line Item	FY 2004-05 Total Appropriation		FY 2005-06 Total Request	
	Dollars	FTE	Dollars	FTE
Personal Services	\$ 8,925,697	18.0	\$ 5,984,776	15.0
Operating Expenses	\$194,876		8,967,251	
Totals	\$9,120,573	18.0	\$14,952,027	15.0

FEDERAL AND STATE STATUTORY AND CONSTITUTIONAL AUTHORITY: Article VII, Colorado Constitution; Title 1, Articles 1 through 13, Colorado Revised Statutes (specifically Article 1.5 of Title 1, C.R.S., as enacted by House Bill 03-1356); Federal “Help America Vote Act of 2002” (“HAVA”), PUB. L. NO. 107-252, 116 STAT. 1666, 42 U.S.C. §§15512, ET SEQ. (2002).

PROGRAM DESCRIPTION:

On October 29, 2002, the "Help America Vote Act of 2002," (HAVA), PUB. L. No. 107-252, 116 Stat. 1666 (2002) was signed into law. The legislation was enacted to establish a program to provide funds to States to improve the administration of elections in the United States, primarily through:

1. the replacement of punch card and lever voting systems;
2. the purchase of voting systems that are accessible for individuals with disabilities;
3. the establishment of the Election Assistance Commission to assist in the administration of Federal elections and to provide assistance with the administration of certain Federal election laws and programs,
4. the establishment of minimum election administration standards for States and units of local government with responsibility for the administration of Federal elections.

In response to HAVA, the Colorado legislature enacted House Bill 03-1356 to implement changes in Colorado laws relating to elections. The bill created a Federal Elections Assistance Fund, mandated a statewide centralized voter registration system, required specified forms of identification from first-time voters, and appropriated a state match to the federal funds. In 2004, House Bill 1227 further addressed voting issues, such as those surrounding methods of voting in elections, voting equipment testing and certification,

accessibility to polling places and voting systems accessibility for electors with disabilities.

PRIORITIZED OBJECTIVES AND PERFORMANCE MEASURES:

OBJECTIVE 1.0: Eliminate punch card and lever machines in polling places.					
	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Estimate	FY 05-06 Projected
MEASURE 1.1 Percent of precincts that have replaced the punch card machines based on the number of precincts that had punch cards in November 2000.	N/A	N/A	58% (393/682)	94% (642/682)	Remaining 6% prior to January 1, 2006

OBJECTIVE 2.0: Implement a centralized statewide voter registration system.					
	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Estimate	FY 05-06 Projected
MEASURE 2.1 Complete and award RFP				100%	N/A
MEASURE 2.2 Design, develop and test system.				75%	100%
MEASURE 2.3 Phased rollout of system.					100%
MEASURE 2.4 Full production					100%
MEASURE 2.5 Decrease the time lag between a registered elector updating or changing their voter registration information.				0%	100%
MEASURE 2.6 Increase the timeliness of removing a deceased voter from the voter registration rolls.				0%	100%
MEASURE 2.7 Increase the timeliness of removing convicted felons from the voter registration rolls.				0%	100%
MEASURE 2.8 Eliminate duplicate voter registrations across counties within Colorado.				0%	100%

OBJECTIVE 3.0: Increase the accessibility of polling places to persons with special access needs.					
	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Estimate	FY 05-06 Projected
MEASURE 3.1 Percentage of polling places surveyed and fully accessible and with at least one accessible DRE				75%	100%

MEASURE 3.2 Number of polling place accessibility complaints found to have a basis in fact.				4	0
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OBJECTIVE 3.3: Increase the timeliness of resolution of grievances.					
	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Estimate	FY 05-06 Projected
MEASURE 3.3 Reduced time of resolution of grievances filed under the state's complaint process.			0%	75%	100%

TRENDS AND OTHER INFORMATION:

The Help America Vote Act (HAVA) of 2002, the most comprehensive civil rights legislation since 1965, resulted from a national consensus that the nation's electoral system needed improvements to ensure that every eligible voter has the opportunity to vote, that every vote that should be counted would be counted accurately, and that no legal vote would be canceled by a fraudulent vote. The law clearly defined the rights and privileges of eligible electors, including those in the military and overseas and those with disabilities, and sought to prevent disenfranchisement resulting from mistaken determinations of ineligibility to vote, the use of outdated and insufficiently accessible voting systems, or unnecessary administrative obstacles. HAVA authorized significant amounts of federal financial assistance to states to finance the purchase of more reliable voting systems, and mandated changes in the conduct of federal elections in all states for the purposes of ensuring greater access to the polls by individuals with disabilities, providing more information to individuals who desire to vote, improving the training of poll workers, and reducing the possibility of fraud in the electoral process. Colorado received its share of federal funds to carry out HAVA purposes, which began in earnest in FY03-04 to meet deadlines imposed by HAVA.

In FY04-05, a significant contract was awarded to Accenture, Ltd. to design, develop and implement a statewide voter registration system to store and manage the official state voter list. This centralized system, to be housed with the Office of the Secretary of State, is expected to be completed and in operation by January 1, 2006, the deadline imposed by HAVA. County election officials, as well as Department staff, have been working on the design of the system, training election officials throughout the state on the use of the system, and guaranteeing the integrity of the system.

While both H.B. 03-1356 and H.B. 04-1227 enhanced the authority of the Secretary of State vis-à-vis the running of elections and training of election officials, H.B. 04-1227 also required that all polling places be surveyed for ADA compliance and made accessible to persons with disabilities. Having totally accessible polling places has presented difficulties for some rural counties whose population density is connected to topography and whose availability of suitable polling places has been limited. Pursuant

to HAVA, the Office of the Secretary of State was awarded Election Assistance for Individuals with Disabilities grants in excess of \$300,000 from the U.S. Department of Health and Human Services. The purpose of these grants is to make polling places accessible to individuals with disabilities, and to assure the disabled community has the same opportunity for access and participation in voting as the non-disabled.

In FY04-05, the Office of the Secretary of State solicited grant applications from county clerks and recorders whose polling place surveys indicated deficiencies in accessibility. Over \$80,000 in grant funds were awarded to eleven counties to assist them in making modifications to polling places, and it is expected that at least that much more will be awarded by the end of FY 06 for the same purposes. The Department also awarded funds to a non-profit organization to assist in the training of workers throughout the state who register persons with disabilities to vote.

The Department HAVA staff was successful in obtaining and compiling vendor and county certifications of voting equipment placed in all the counties in the state. This information enables the Department to assure that all counties are using secure, accurate, reliable, tested and certified voting equipment. This information also serves as a resource for counties wishing to replace their equipment. In late FY 05 or early FY 06, the Department will purchase with HAVA funds at least one certified (state and federally) direct record electronic voting machine specially equipped for individuals with disabilities for every polling place in the state, which is estimated to number about 2,200. Prior to the purchase of the equipment, the Department will host an event at which voting equipment vendors may demonstrate their systems for county election officials and members of the disability community.

It is expected that by the middle of FY 06 all punch card/lever voting equipment in the state will have been replaced and the state will meet the January 1, 2006 deadline imposed by HAVA. At the end of FY04, only two counties had such equipment to replace.

In FY 03-04 and FY 04-05, the Department conducted the first of mandatory in-depth training of county clerk and recorders that included new election procedures and laws, accessibility, and ballot issues. In addition to the county clerk and recorders, other election officials, including those from municipalities, participated in the training. With the many changes in the conduct of elections imposed by the HAVA laws, training of officials and education of the public has become paramount. HAVA staff anticipate the need to conduct more training and to develop more education and training materials, not only for the election officials, poll workers, and election volunteers, but also for the general public and members of the disability community.

During FY 04 and FY 05, Department HAVA staff investigated and resolved HAVA related complaints. In one complaint filed against a county on the western slope, the Department's investigation resulted in extraordinary remedies for the complainant. The Department anticipates the receipt of more complaints under HAVA as the public becomes more aware of their rights and privileges under the law.

To continue implementing the requirements and provisions of HAVA, it is expected that the HAVA unit of the Office of the Secretary of State will require a total of 15 FTE for FY 06.

CUSTOMER REQUIREMENTS:

Customer	Requirement
Election Officials	Participation in training and education.
Public	Participation in the election process.
Division of Motor Vehicles	Support efforts on SSN and Drivers License validation
Judicial Branch	Support validation of felony status
Department of Public Health and Environment	Support validation of death records
Social Security Administration	Number verification for voter registration system

Strategic Plan / Program Narrative

SECRETARY OF STATE / DEPARTMENT OF STATE

PROGRAM TITLE: Bingo-Raffles (Charitable Gaming)

CHANGE REQUEST(S): None

ESTIMATED TOTAL FUNDING:

Line Item	FY 2004-05 Total Appropriation		FY 2005-06 Total Request	
	Dollars	FTE	Dollars	FTE
Personal Services	\$ 599,106	13.0	\$ 599,106	13.0
Operating Expenses	\$ 81,409		\$ 81,409	
Totals	\$680,515	13.0	\$ 680,515	13.0

FEDERAL AND STATE STATUTORY AND CONSTITUTIONAL AUTHORITY: Article XVIII, Section 2, Colorado Constitution; Title 12, Article 9, C.R.S., “Bingo and Raffles Law”.

PROGRAM DESCRIPTION:

The Bingo-Raffle Section licenses qualified nonprofit organizations to conduct charitable gaming activities. It also licenses gaming-related business enterprises; commercial bingo hall landlords, manufacturers of bingo-raffle equipment, bingo-raffle suppliers (distributors), and manufacturers’ and suppliers’ agents. This section audits, records and compiles the quarterly financial statements and reports of licensed suppliers and manufacturers and of the nonprofit bingo-raffle licensees, as well as the leases, agreements and rental records filed by commercial bingo hall landlords. In addition, the Bingo-Raffle Section is responsible for games manager training and certification; licensing of pull tab reading devices; approval and regulation of electronic bingo aid devices; letter rulings on new gaming technologies; administrative rule promulgation, in consultation with the Bingo-Raffle Advisory Board; drafting and distribution of application, licensing and reporting forms and information; and handling of complaints, hearings and corrective and compliance actions.

This section also conducts inspections, investigations, and audits to determine compliance with Bingo and Raffle statutes. Investigations are expanded when compliance reviews indicate fraud, theft, or other criminal wrongdoing may have occurred. Expanded investigations are pursued until the evidence is sufficient to refer the case to law enforcement authorities or until the case is closed for insufficient evidence. Bingo-raffle investigators also conduct training for certification of games managers and to apprise licensees of current laws, rules and procedures for the conduct of bingo-raffle activities.

PRIORITIZED OBJECTIVES AND PERFORMANCE MEASURES:

OBJECTIVE 1.1 Implement the new and amended provisions of the Bingo and Raffles Law contained in HB 02-1321, "Concerning the Regulation of Games of Chance by the Secretary of State," which took effect on August 7, 2002.					
	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Estimate	FY 05-06 Projected
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Rules researched, drafted, proposed, and promulgated for the implementation of HB 02-1321	N/A		2	4	4
New forms/publications drafted and distributed (progressive games, rents and promotions, games managers, etc.)	N/A	6	3	4	5
New and renewal defined-term games manager certificates issued	N/A	1,954	1,500	1,500	1,500
Gross receipts (in millions of \$) to bingo-raffle licensees from bingo and raffle activities	\$200.5	\$182.7	\$178.0	\$176.0	\$170.0

OBJECTIVE 1.2 Improve the timeliness of quarterly games of chance financial reporting by bingo-raffle licensees

	01-02 Actual	02-03 Actual	03-04 Actual	04-05 Estimate	05-06 Projecte d
MEASURE 1.3.1 Number of delinquent quarterly financial statements 1 – 2 weeks overdue (first warning letters sent)	1135	960	750	500	500
MEASURE 1.3.2 Number of delinquent statements filed in response to first warning	668	575	450	300	350
MEASURE 1.3.3 Number of fines assessed for reports 3 weeks or more overdue (Note: +/- 60% of fines were suspended in 1 st year of program [FY01-02])	467	385	300	250	200

MEASURE 1.3.4 Number of licenses delayed, denied, or suspended for overdue reports, fees, and fines	115 delayed 11 denied/ susp.	100 delayed 8 denied/ susp.	70 delayed 6 denied/ suspended	50 delayed	50
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OBJECTIVE 2.1 Conduct investigations and inspections to ensure compliance with Bingo-Raffle law. Refer appropriate cases for court action and/or to outside law enforcement agencies

	01-02 Actual	02-03 Actual	03-04 Actual	04-05 Estimate	05-06 Projected
MEASURE 2.1.1 Number of formal complaints investigated.	28	68	61	60	60
MEASURE 2.1.2 Number of inspections conducted.	600	779	354	480	480
MEASURE 2.1.3 Investigations referred to outside law enforcement agencies	18	6	4	6	6
MEASURE 2.1.4 Develop desk book for guidance in dealing with cases within described areas of responsibility	Planning	Planning	Complete	Update	Update
MEASURE 2.1.5 Develop pamphlets/newsletter for licensee information	Update	Update	Update	Update	Update
MEASURE 2.1.6 Develop online FAQs on the SOS website	N/A	N/A	Complete	Update	Update

OBJECTIVE 2.2 Encourage and increase compliance with Bingo-Raffle law through a convenient and well publicized games manager training program

	01-02 Actual	02-03 Actual	03-04 Estimated	04-05 Estimate	05-06 Projected
MEASURE 2.2.1 Number of games manager classes offered annually	30	128	80	60	60
MEASURE 2.2.2 Number of "on-demand" games manager training classes in areas where several requests have been made	12	12	12	12	12
MEASURE 2.2.2 Games manager training calendar developed and maintained on	Continuin g	Continuin g	Continuing	Continuing	Continuing

SOS web page					
MEASURE 2.2.2 Multi-Media presentation using MS PowerPoint	N/A	N/A	Complete	Update	Update

TRENDS AND BASELINE INFORMATION:

During FY 01-02, the Secretary of State, in conjunction with her Bingo-Raffles Advisory Board and with input from licensees and the general public, formulated proposals for improvements to CRS title 12, article 9, the “Bingo and Raffles Law.” Subsequently, during the 2002 legislative session, the proposed improvements were enacted in the form of HB 02-1321, “Concerning the Regulation of Games of Chance by the Secretary of State.”

HB 02-1321 addressed two major concerns in the charitable gaming area:

- (1) The ongoing need for clear, complete, informed licensee accountability for gaming practices and proceeds; and
- (2) Recent continuing declines in bingo and pull tab activities and revenues.

HB 02-1321 embodied both educational and enforcement provisions for the improvement of licensee accountability. It established a “continuing education program” that requires retraining and renewal certification every four years for each bingo-raffle licensee’s games managers. It also closed several statutory loopholes that had begun to cause accountability and regulatory problems, especially with licensees’ reporting and handling of games of chance proceeds.

To counter declines in bingo and pull tab activities and revenues, HB 02-1321 allowed licensees to conduct progressive bingo and pull tab games. Progressive games offer cumulative jackpot prizes. Such prizes can grow to amounts that are enormous in comparison to any prize previously available in a Colorado bingo or pull tab game, and were therefore expected to attract new players and to increase per-player spend for such games.

Implementation of the provisions of HB 02-1321 was expected to reverse the downward trend in bingo-raffle activities and licensing, which continue today. Licensing had been reasonably steady through most of the 1990s at a rate of 1600-1700 licenses issued annually (approximately 50 landlord licenses, 70 supplier and supplier agent licenses, 50 manufacturer and manufacturer agent licenses, and the remaining 1450-1550 bingo-raffle licenses issued to qualified nonprofit organizations). At the end of the decade, the number of bingo-raffle licenses issued began to decline, and calendar year 2001 saw a drop to 1449 licenses, the lowest calendar year total since at least the mid-1980s. The drop continued during calendar year 2002 and continues today to approximately 1,400

licensees, although the rate of decline has decreased. The number of bingo-raffle licensees at the end of 2002 was 1443. The number through September of 2004 is 1360. Most of the drop is attributable to bingo-raffle licensees getting out of the bingo business. Volunteer organizations find it difficult to recruit volunteers to assist at bingo games. Raffle activities have increased, while bingo occasions and revenues from bingo have been declining. If the bingo decline were to continue indefinitely, however, the remainder of the charitable gaming industry would inevitably suffer. By the same token, a reversal of that decline can be expected to provide a much-needed "shot in the arm" for charitable gaming in Colorado. Progressive bingo and pull-tab games have been established. The office has reviewed the conduct of these games for the past year. It is still too soon to determine whether the implementation of progressive games of chance has accomplished the desired turn-around and the office may introduce legislation this coming session to further tweak the games.

The remainder of the bingo-raffle workload has remained steady to slightly down. 5,000 – 5,500 quarterly financial reports continue to be filed annually in connection with games of chance activities. During FY00-01, 3332 of the reports were accompanied by fee payments (The remainder reported no licensed activity during the quarter for which they are filed.) During FY01-02, there was a drop to 3,178 fee payments, a decline that was to be expected from the reduction in bingo activities. As in past years, after audit, approximately one-third of these reports must be amended, leading to re-filing and re-audit of over 1,000 corrected financial reports annually. Investigators continue to be assigned approximately 240 contact cases per investigator per year, with expanded investigations as conditions warrant. Bingo-raffle training continues to be conducted periodically at sites throughout the state. An increase in the amount of training offered is a result of the games manager certificate renewal requirements included in HB 02-1321. The office has started to conduct monthly training sessions in downtown Denver to augment the generally out of area training.

Some previously described trends in the charitable gaming area have continued in the past year, as well. Licensee demand for individualized attention and assistance from the Department continues to grow, as does the role of citizen input in the regulation of games of chance. From this input can also be discerned an increasing division, and even a conflict, between the needs of the charities conducting bingo-raffle fundraisers and those of the for-profit businesses connected with the bingo-raffle industry. This trend is particularly evident in the functioning of the Bingo-Raffle Advisory Board and in the circumstances surrounding the recent weakening of the Colorado bingo market.

ACTION PLAN:

The Charitable Gaming Section will launch initiatives to improve the timeliness of games of chance financial reporting and to furnish additional games manager training for certificate renewal purposes. During FY 04-05 the licensing section is developing electronic reporting forms and is using a multi-media games manager-training program. The multi-media presentations have been well received. The section will also work with the Advisory Board, and with bingo-raffle licensees generally, to continue to promulgate rules and disseminate

information that may help organizations conduct more profitable games and arrest the decline in total revenues seen over the past few years.

A review of Secretary of State historical data for the past two calendar years reveals a disturbing number of “red flags” based on the self-reporting of the licensees. As a result, the licensing section changed its approach to investigations during FY 03-04 and continues to do so during 04-05. The office has brought several bingo-raffle licensees to administrative hearing and has reached successful settlements as a result of the more financially oriented investigations.

ADDITIONAL NARRATIVE JUSTIFICATION:

Through the passage of law by their elected representatives, the people of Colorado have set up a system of licensing and oversight for the conduct of bingo games and raffles in this state. The statutory mechanism is intended to provide a means for non-profit, eleemosynary organizations to raise funds. It is their expectation that the Department of State is licensing according to law and overseeing the conduct of charitable gaming to ensure compliance and to investigate and report such conduct as may be subject to civil or criminal sanction.

CUSTOMER REQUIREMENTS:

Customer	Requirement
License applicants (all types)	Complete, conveniently available application forms, instructions, and information; prompt licensing action; guidance on any necessary application corrections; assistance freely obtainable by telephone, mail, in person and via internet and e-mail; online forms available on the Internet that can be completed on line.
Complainants	Prompt, professional complaint responses; understanding of the law governing bingo-raffle activities; investigation of each complaint made, and action on all those revealed to be well-founded
Players	Fair, well regulated games that offer an equal chance to win the advertised prize for every card, sheet or ticket sold; honest, accurate prize descriptions and prompt, full prize awards for each game conducted; prompt, responsive complaint handling and resolution; accurate accounting for all gaming dollars spent
Non-profits conducting games of chance	Training in the proper conduct of bingo-raffle activities and understanding of the requirements of the law governing such conduct; clear instructions and up-to-date forms for financial reporting on games of chance; a healthy profit margin for the charitable, fraternal, religious, or educational purposes and uses of the non-profit licensee; input into rulemaking for bingo and raffles; fair and unbiased administration of the law and rules

	governing bingo-raffle activities (a “level playing field” for all nonprofits engaging in fundraising by means of such activities)
The press, the legislature and the interested public	Accessible, accurate financial and general information on games of chance in Colorado; clear accounting for all gaming dollars; prompt responses to inquiries; both support and regulation for the charitable gaming industry; fair and equitable fee assessments sufficient to cover the costs of administration of the bingo-raffle law

Strategic Plan / Program Narrative

SECRETARY OF STATE / DEPARTMENT OF STATE

PROGRAM TITLE: Notaries Public

CHANGE REQUEST(S): None

ESTIMATED TOTAL FUNDING:

Line Item	FY 2004-05 Total Appropriation		FY 2005-06 Total Request	
	Dollars	FTE	Dollars	FTE
Personal Services	\$ 85,220	1.6	\$ 85,220	1.6
Operating Expenses	\$ 50,451		50,451	
Totals	\$ 135,671	1.6	\$135,671	1.6

FEDERAL AND STATE STATUTORY AND CONSTITUTIONAL AUTHORITY: Title 12, Article 55, Part 1, C.R.S., “Notaries Public Act”

PROGRAM DESCRIPTION:

The Notary Section distributes new and renewal applications, commissions notaries public and electronic notaries, issues notarial authentications for international and interjurisdictional uses, handles all such notary complaints that are addressed to the Secretary of State, provides notary information and education, and maintains and updates records of all current Colorado notaries.

PRIORITIZED OBJECTIVES AND PERFORMANCE MEASURES:

Objective 1.1 Meet increasing public demand for regular and expedited commissions and commission changes while maintaining promptness and accuracy of service

	01-02 Actual	02-03 Actual	03-04 Actual	04-05 Estimate	05-06 Projected
MEASURE 1.1.1 Number of commissions issued	25,817	26,190	26,500	26,700	27,000
MEASURE 1.1.2 Expedited commissions in 15 minutes or less	100%	100%	100%	100%	100%
MEASURE 1.1.3 Regular commissions mailed and rejected applications returned for correction within 3 business days of receipt in Notary Section	98%	85%	85%	95%	95%

MEASURE 1.1.4 Commission error rate, as reflected in percentage of commission certificates returned for correction	.5%	.5%	.5%	.5%	.2%
MEASURE 1.1.5 Number of changes recorded	4,557	3304	4482	4100	4100
MEASURE 1.1.6 Changes recorded and updated commission certificates issued within 3 business days of receipt	100%	95%	65%	75%	80%
MEASURE 1.1.7 Mail out renewal notices by postcard	0%	0%	0%	50%	100%

Objective 1.2 Research and develop new technological guidelines and practices, both to implement 02-1119 and to streamline Notary Section functions

	02-03 Actual	03-04 Actual	04-05 Estimate	05-06 Projected
MEASURE 1.2.1 Research, draft, propose, and promulgate rules for electronic notarizations, pursuant to the requirements of HB 02-1119	Rules researched/drafted	Rules hearing(s) held	Rules adopted and published	Rules amended
MEASURE 1.2.2 Improve electronic customer service and reduce individual e-mail and telephone inquiries and requests by completing and updating the Notary Section web site	New authentication guidelines and change forms drafted; application, renewal and complaint forms/info revised; e-mailed inquiries/forms requests av.>20 wk	New and revised material added to site; e-mail inquiries/form requests av. <15 wk	Site evaluated and updated as needed; e-mail inquiries/form requests av. <10 wk	Adopt and implement Team Track Software
MEASURE 1.2.3 Convert notary files and records to paperless format and maintain, index, search, and update them electronically	N/A	Conversion plan developed	Conversion plan	Program developed

OBJECTIVE 1.3 Meet increasing customer demand for notarial certifications and authentications without reduction in accuracy or promptness of service

	02-03 Actual	03-04 Actual	04-05 Estimated	05-06 Projected
MEASURE 1.2.1 Authentication error rate, as reflected in percentage of certificates returned for correction	<1/4 of 1%	<1/5 of 1%	<1/10 of 1%	<1/10 of 1%
MEASURE 1.2.2 Number of certifications/authentications issued	15,564 (3,165 expedited)	19,572 (3,300 expedited)	21,500 (3,400 expedited)	21,500 (3,400 expedited)

MEASURE 1.2.3 Expedited authentications/certifications in 15 minutes or less (additional certificates, same order, 5 minutes or less)	98%	99%	100%	100%
MEASURE 1.2.4 Regular authentications/certifications in one business day	95%	98%	100%	100%

OBJECTIVE 2.1 Increase the efficiency, speed and convenience of notary application packet distribution without requiring additional FTE					
	01-02 Actual	02-03 Actual	03-04 Actual	04-05 Estimate	05-06 Projected
MEASURE 2.1.1 Mail application packets within one business day of mail or telephone request	50%	30%	80%	90%	90%
MEASURE 2.1.2 Mail renewal application packets automatically to each current notary one month prior to expiration of notary's term	95%	100%	100%	100%	100%
MEASURE 2.1.3 Implement electronic distribution system for application packets via internet	N/A	N/A	N/A	Begun	Complete
MEASURE 2.1.4 Implement fax distribution system for application packets via automated linked telephone/fax	N/A	N/A	N/A	Begun	Complete

TRENDS AND OTHER BASELINE INFORMATION:

The overall demand for notaries and notary services continues to grow in Colorado. The rate of growth, however, varies with Colorado's economy, and has been slower and less consistent since FY 01-02 than it was prior to that year.

The most notable example of an unpredictable variation occurred in the authentications area, where demand actually fell in FY 01-02, and then rebounded to a historic new high (a 15% increase over the previous record number) in FY 02-03.

The total number of notaries in Colorado remains stable at approximately 100,000 with approximately 25,000 renewals each year. The advent of new statutes and rules regarding electronic notaries may cause a rise in staff workload but it is not anticipated that electronic notaries will exceed more than 1,000 for the next three to four years.

The foregoing tables also reflect a slight decline in the promptness and accuracy of Notary Section services during calendar year 2002. This decline continued through FY 02-03, and reflects the retirement of the experienced and fully trained senior notary clerk, the training period

for her replacement, the transfer of the trained replacement to another position a year later, and the training period for yet another replacement. It is assumed that this is a temporary phenomenon tied to personnel changes, as well as to increasing workload

The newest trend in the notary area, which has strengthened perceptibly in the last year, is toward the introduction of recent technology into some relatively ancient functions. This trend is national, and, to a lesser degree, international. It is reflected in Colorado by the changes to the notary law enacted by the 2002 and 2004 legislatures (HB 02-1119 and 04-1300), and the rules promulgated pursuant to these changes. HB 02-1119 provides for electronic transaction notarizations, and required the Secretary of State to promulgate rules for such notarizations. This marks a significant turning point, but whether towards the use of more notaries as electronic transactions increase, or towards the elimination of the notary function altogether as electronic transaction safeguards become more effective is at present unknown and probably unknowable.

On a less speculative level, it is becoming apparent that streamlining of processes and additional utilization of developing technologies will be needed in the Notary Section if the Department's customer service goals are to be met without personnel increases. The Notary Section continues to lag in meeting the Department's "paperless office" objectives, however, because higher priority IT projects, with much greater public impact, continue to require the Department's resources in this area. For this reason, Objective 1.2 (see specifically 1.2.3) has been trimmed back significantly to fit within the resources that can be furnished to the Division for this purpose.

The oldest trend in the Notary Section is the one that may require the earliest consideration. As mentioned above, the notary workload has increased markedly over the last ten years. It was expected to level off, and perhaps decline, as the economy did in recent years, particularly after 09/11/01. Instead, after a brief dip in authentications, it has continued to grow. It passed the point at which one FTE could successfully handle the workload approximately seven years ago.

Analysis and history indicate that one well-trained, experienced employee who is consistently working at the high Satisfactory to Outstanding level can accurately and timely process about 20,000 applications, 3,000 changes, and perhaps 2,000 authentications (provided that less than 10% of them need to be expedited) in an average year. Applications are currently at 26,000+ per year, and authentications have climbed above 15,500, with more than 3,100 of them expedited. The notary clerk is getting assistance from employees in other sections, when and as they are able to help, but this makeshift resolution will not be satisfactory in the long run if the workload continues to increase. It will not even work in the short run if there is any increase in other sections' workloads, instead of the steady to slightly declining demand of the last two or three years. It is time to consider an increase in Notary Section FTE, or at least a rationalization or systematization of the present workload distribution.

ACTION PLAN:

The technology action plan is summarized in Table 1.2, above. The workload distribution action plan discussed last year reallocated certain positions in the Division and allowed an additional FTE to assist the Notary Section.

ACCOMPLISHMENTS:

All new and revised forms and information, to include the electronic notary forms have been drafted and posted to the updated Notary Section web site during the first half of FY 04-05. At present the newly launched site continues to receive customer support and approval. There was uniform acceptance and use of the new and revised forms when they were posted last year, and there was not a single website-related customer complaint or misunderstanding brought to the attention of the Division--a pleasant surprise, in light of the more usual mixed reactions to the new and different in old and settled government functions and services. The Section expects continued acceptance of the revised forms and electronic notary forms.

As of the end of FY 02-03, the notary application distribution efficiency improvement program was completed. The speed and convenience of application distribution have been improved, without an increase in Division FTE, and there was increasing customer use and acceptance of electronically distributed application materials.

Again in FY 03-04, despite an increasing workload, and the second replacement in three years of a key employee, the Notary Section met or exceeded most of its customer service goals. This required, as in past years, the help of the entire Licensing Division in one way or another, and remains an outstanding example of teamwork with a strong customer orientation.

CUSTOMER REQUIREMENTS:

Customer	Requirement
Adoptive parents and others engaging in international transactions	Multiple correct, complete notary authentications, acceptable in the country from which the adoption is made or with which business is done; guidance and assistance in obtaining correct notarizations that can be used in foreign jurisdictions; immediate error-free service
Notary applicants	Quick, convenient access to application instructions, forms and materials; prompt commissioning (or request for application correction) upon application
Complainants on notary matters	Response in a reasonable time, preferably from both notary and Notary Section; understanding of both the complaint process and the basic requirements of the notary law
Notaries subject to complaints	Understanding of the nature of the complaint; an opportunity to respond and be heard
All above types of customers, as well as notaries generally	Basic understanding of notary duties, responsibilities, and functions under the Colorado notary law

Strategic Plan / Program Narrative

SECRETARY OF STATE / DEPARTMENT OF STATE

PROGRAM TITLE: UNIFORM ELECTRONIC TRANSACTIONS ACT

CHANGE REQUEST(S): None

ESTIMATED TOTAL FUNDING:

Line Item	FY 2004-05 Total Appropriation		FY 2005-06 Total Request	
	Dollars	FTE	Dollars	FTE
Personal Services	\$ 133,224		\$133,224	2.0
Operating Expenses	\$ 11,984		\$11,984	
Totals	\$ 145,118		\$ 145,118	2.0

FEDERAL AND STATE STATUTORY AND CONSTITUTIONAL AUTHORITY: Sections 24-71.3-118 and 24-71.3-119, C.R.S., Senate Bill 03-230.

PROGRAM DESCRIPTION:

The Uniform Electronic Transactions Act was adopted during the 2002 Legislative Session and was amended in the 2003 Legislative Session. The Act requires the Secretary of State to develop and adopt rules for state agencies, which rules prescribe the use of electronic signatures, and the manner and format in which electronic records must be created, generated, sent, communicated, received and stored.

PRIORITIZED OBJECTIVES AND PERFORMANCE MEASURES:

OBJECTIVE 1.1: Hire, train and retain highly qualified personnel.					
	FY 03-04 Actual	FY 04-05 Estimate	FY 05-06 Projected		
MEASURE 1.1.1 Percentage of required staff hired.	33	100			

OBJECTIVE 1.2 Research rules adopted by other jurisdictions					
	FY 03-04 Estimated	FY 04-05 Estimate	FY 05-06 Projected		
MEASURE 1.2.1 Percentage of other jurisdictions surveyed	10	25	80		
MEASURE 1.2.2 Percentage of CO agencies surveyed for needs	5	25	100		

OBJECTIVE 1.3 Research electronic systems used by other jurisdictions used to ensure adequate preservation, disposition, integrity, security, confidentiality and auditability of electronic records.					
	FY 03-04 Actual	FY 04-05 Estimate	FY 05-06 Projected		
MEASURE 13.1 Percentage of project completed.	15	25	50		
OBJECTIVE 1.4 Develop proposed rules, receive public comment and adopt final rules.					
	FY 03-04 Actual	FY 04-05 Estimate	FY 05-06 Projected		
MEASURE 1.4.1 Percentage of project completed.	0	10	80 but ongoing		

TRENDS AND OTHER BASELINE INFORMATION:

UETA has been adopted by at least forty-four states and the District of Columbia. As more jurisdictions allow for electronic business-to-government and government-to-government transactions, the need for a consistent set of rules and systems is imperative.

ACTION PLAN:

- Fill vacant positions with highly qualified permanent employees.
- Thoroughly train all interested agencies, including counties and municipalities.
- Participate with the government and business communities in developing a framework for business to efficiently interact with government in a digital environment.
- Coordinate with other state and federal jurisdictions to ensure that government-to-government electronic transactions are essentially “open system”, platform and OS independent, thus the requirement to hire a highly qualified IT person and a person who has experience in the area of electronic signatures.
- Develop a test bed of hardware and software technologies for continuing research into the issues of identity protection, computer security issues, electronic and digital signatures, encryption, and document archiving.

ACCOMPLISHMENTS:

A Program Administrator and IT Professional have been hired. The unit has researched and met with a number of vendors of electronic signature technology and identity security devices.

The unit has provided demonstrations to several professional groups and state agencies regarding electronic signatures, their creation, distribution and use.

The unit is acting as the project management team for the development of electronic notary signatures (See the program narrative for the notary section).

CUSTOMER REQUIREMENTS:

Customer	Requirement
State and local government agencies	Rules and systems that promote electronic transactions consistent with the business needs of the agencies and their customers. Education, training, and help to incorporate electronic transactions into business processes to serve customers better.
Members of the business community, their attorneys and other professionals and other government agencies	Consistent, well researched rules and systems that allow for efficient business to government and government-to-government electronic transactions.

STRATEGIC PLAN / PROGRAM NARRATIVE

SECRETARY OF STATE / DEPARTMENT OF STATE

PROGRAM TITLE: **Administrative Rules**

CHANGE REQUEST(S): **None**

ESTIMATED TOTAL FUNDING:

Line Item	FY 2004-05 Total Appropriation		FY 2005-06 Total Request	
	Dollars	FTE	Dollars	FTE
Personal Services	\$ 108,526	2.4	\$ 108,526	2.4
Operating Expenses	\$13,726		\$ 13,726	
Totals	\$ 122,252	2.4	\$ 122,252	2.4

FEDERAL AND STATE STATUTORY AND CONSTITUTIONAL AUTHORITY: Section 24-4-103, C.R.S., “Rule-Making Procedure”

PROGRAM DESCRIPTION:

This program is responsible for publishing agency administrative rules in printed form and in the form of an electronic rules code. State agencies are required by the “State Administrative procedure Act” to file notices of proposed rulemaking and amended rules with the Secretary of State for publication. The Secretary of State contracts with a private publisher to print the paper version of the monthly *Colorado Register*, which includes new and amended rules, attorney general opinions regarding the submitted rules, and rule-making notices and proposals, as well as adopted rules, and the *Code of Colorado Regulations*, which is the entire body of administrative rules of state government agencies as amended from time to time.

In the next several months, the Secretary of State will begin producing an electronic version of both the *Colorado Register* and the *Code of Colorado Regulations*. To facilitate the publication of the rules online, rulemaking agencies will be filing rules using a web accessible e-filing system.

In conjunction with the electronic publication of rules, the administrative rules program trains rulemaking agencies concerning rulemaking procedures with regard to formatting and styling of rules documents. In FY 04-05 the rules program will train agencies and their attorneys to use the e-filing web application. The program will continue to contract for publication of a paper version of the code and register and is responsible for logging the date and time of the filings, and the transfer of filings to the paper publisher, assuring that the filings comply with statutorily mandated filing deadlines.

Until e-filing is fully developed and functioning, the print publisher will continue to use the cut-and-paste method to produce the Colorado Register and to update the Code. With the current paper-based system, agencies are forced to deliver their filings in person in order meet the deadlines imposed by the Administrative Procedures Act. Electronic filing will allow agencies to file in a more timely and efficient manner. They will be able to perform every step in the rulemaking process without leaving their desks. Electronic filing also provides web-based forms with constraints to prevent errors and e-tools to remind rule-makers of filing deadlines. Agencies will be able to avoid errors that with the paper filings may not have been discovered until after a deadline was missed. Additionally, electronic filing provides agencies with a mechanism to more easily identify the portions of rules to be amended, relieving the publisher of the guesswork extant in the old system.

PRIORITIZED OBJECTIVES AND PERFORMANCE MEASURES:

OBJECTIVE 1.1 Develop and implement a secure, accessible, electronic rules code and register, along with a paperless rules filing system, utilizing the most economical and efficient available technology.					
FISCAL YEAR	01-02 Actual	02-03 Actual	03-04 Actual	04-05 Estimate	05-06 Projected
MEASURE 1.1.1 Research available technologies and select the one(s) proving most efficient, secure, and cost effective for this application	Research	Researched and selected vendor	Develop e-code and e-filing software	Continue development of e-code and e-filing	Maintain and Improve System
MEASURE 1.1.2 Recommend, assist with, support and implement any statutory changes necessary or desirable to institute an electronic rules code and electronic filing	Recommendations made, legislation passed	Begin implementation of statutory changes	Continue implementation of statutory changes	Legislation implemented	Review statute and make recommendations
MEASURE 1.1.3 Develop and put in place procedures for electronic filing and convert to a paperless filing system for adopted rules	N/A	Development begun	Continue development	100% of adopted rules filed electronically	Electronic filing in place

OBJECTIVE 1.2 Provide access to the state administrative rules from the Secretary of State's web site and through other electronic publishers. Contract/renew contract for paper publication of rules code and register.					
FISCAL YEAR	01-02 Actual	02-03 Actual	03-04 Actual	04-05 Estimate	05-06 Projected
MEASURE 1.2.1 Contract for e-publishing system drafted, executed and in place	N/A	Contract drafted	Contract in place	Vendor fulfills contract	N/A
MEASURE 1.2.2 Satisfy the demand for an electronic code not only in terms of free online access, but also by contracting with resellers	N/A	N/A	N/A	Begin operation	Continue operation
MEASURE 1.2.3 New or renewal contract for paper publication drafted, executed and in place	N/A	New contract in place	N/A	N/A	N/A

MEASURE 1.2.4 Develop system for transferring Register filings to paper publisher through electronic means	N/A	N/A	System development	System in place	System in place
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OBJECTIVE 1.3 Develop strategies to improve the electronic rules publication and e-filing web application.					
FISCAL YEAR	01-02 Actual	02-03 Actual	03-04 Actual	04-05 Estimate	05-06 Projected
MEASURE 1.3.1 Work to standardize appearance and improve utility of the electronic code	N/A	Research and develop	Continue development	Continue development	Continue development in-house
MEASURE 1.3.2 Meet regularly with agency advisory group, the Attorney General's office, and the Office of Legislative Legal Services. Collaborate with advisory groups to make improvements to the system	N/A	Form advisory groups	Meet and discuss system development issues	Continue collaboration	Continue collaboration
MEASURE 1.3.3 Create rules procedure and style manual; continue to revise and update as needed	N/A	N/A	Publish manual and use for training	Continue development and revision	Continue to revise and update

OBJECTIVE 2.1 Design training programs not only to assist agency rulemakers with learning to use the electronic rules web application, but also to familiarize them with the rulemaking process.					
FISCAL YEAR	01-02 Actual	02-03 Actual	03-04 Actual	04-05 Estimate	05-06 Projected
MEASURE 2.1.1 Create training program for rulemaking procedures	N/A	Research and determine need	Design program and begin training	Continue training and update content	Continue training and update content
MEASURE 2.1.2 Establish e-filing training program to include the use of the system and the creation of rules documents	N/A	N/A	Design program and begin training	Continue training and update content	Continue training and update content
MEASURE 2.1.3 Number of agency rulemakers trained on rulemaking procedures	N/A	N/A	27	75	150
MEASURE 2.1.3 Number of agency rulemakers trained on Word styling for online rules	N/A	N/A	151	150	150
MEASURE 2.1.3 Number of agency rulemakers and attorneys trained on the use of the electronic filing system	N/A	N/A	N/A	150	150

OBJECTIVE 3.1 Maintain and keep available for public access an accurate, complete and current docket and file of agency rules, rule proposals and rule opinions.

FISCAL YEAR	01-02 Actual	02-03 Actual	03-04 Actual	04-05 Estimate	05-06 Projected
MEASURE 3.1.1 Number of paper filings received and docketed	766	867	814	821	N/A
MEASURE 3.1.2 Number of electronic filings received and logged	N/A	N/A	N/A	411	830
MEASURE 3.1.3 Number of docket entries requiring correction subsequent to filing/docketing month	0	0	0	0	0

TRENDS AND OTHER BASELINE INFORMATION:

The original publisher of the administrative rules and register gave notice to the State that it would not renew its contract at the end of fiscal year 2001-2002. This event drew attention to the urgency of creating an electronic rules code and prompted legislation in the form of House Bill 02-1203, to amend the statute governing the Rule-making process. The Secretary of State is now required to publish the code and register electronically with the option of additionally publishing a paper version. “The secretary of state shall cause to be published in electronic form and may cause to be published in printed form, at the least cost possible to the state, the code of Colorado regulations and the Colorado register . . .” (CRS 24-4-103 (11)(b)).

Before the end of FY 01-02, a contractor was located to continue the paper publication and planning for the electronic rules code was begun. A Request for Proposals for an electronic rules publishing system was issued to vendors in September of 2002. Although a vendor was chosen at the end of November, protracted contract negotiations continued for the next four months, and the contract was not in place until April 7th of 2003. The contractor was to take electronic files provided by agencies and convert them to XML for presentation on the web. Simultaneous with the conversion, the contractor was to develop an electronic rules filing and publication system. The contractor experienced a myriad of problems with the conversion and in July of 2003 determined that it would be unable to fulfill the contract. The Secretary of State and the contractor consequently agreed to terminate the contract.

The Department of State then returned to the proposals originally submitted for the project in order to choose a new vendor. The remaining vendors were contacted and were requested to submit updated proposals. A new vendor was subsequently chosen with a new contract being signed and approved the first week of October 2003. A different approach was taken by the second contractor with regard to conversion from paper to electronic rules. Instead of using electronic files submitted by rulemaking agencies, the second contractor keyed the 25,000 plus pages in XML format. Despite the fact that the conversion process was different, the program continued with the same model for the development of the electronic rules filing and publication system. Requirements documents created while working with the original vendor were still valid; therefore, the rules program saved the time and expense of recreating those documents.

Additionally, the work that was done with the original contractor also benefited the State in that it cleared up inconsistencies and errors that have occurred and accumulated over the past twenty-five years of publishing the rules. Agencies were made aware of inconsistencies between the published version of their regulations and what they had in their files and on their agency web sites. Nineteen technical corrections (not requiring rulemaking) were filed in fiscal year 2002-2003, another twenty-three in fiscal year 2003-2004, and yet another eleven in the current fiscal year. A number of other substantive corrections were made through the rulemaking process.

The rules program is now taking a more active role in the publication of administrative rules, as the electronic publication will be managed in-house. Agency rule-makers are looking to the Secretary of State for leadership in the standardization of the form and style of administrative rules and have requested training not only on the use of electronic filing, but also in regard to the rulemaking process. The rules program has published a rudimentary procedures and style manual which will be expanded on in the coming year. Training programs have been established and many agency rulemakers responded by attending both rulemaking training and e-filing training.

The official state rules repository will remain entirely on paper. The repository covers the time period from September of 1977 to the present and includes all state agency rules – new, repealed, amended and superseded – from that time period, together with some earlier rules that were still in effect at the end of 1977. This repository also contains the rule opinions of the attorney general and all cover letters, basis and purpose statements, adoption notices, justifications, and other rule-related materials that were submitted with, and as an integral part of any rule filing. All but the current year's filings have been transferred to state archives, and the transfer of paper documents will be completed when the electronic repository is in place. It was determined that electronic archiving of outdated rules is not necessary, and that it would be more economical to retain the paper archive.

WORKLOAD ASSUMPTIONS:

The focus of the program has shifted from managing the paper publication of the rules and register to the development and maintenance of the electronic rules and the electronic filing system. The first year of the electronic rules program was devoted mainly to acquiring a vendor to build the system and developing requirements for the system. Development efforts for the web application continued through the following year. In FY 04-05 the system will be completed, calling for staff to focus their efforts on system testing, and to train rule-makers and their attorneys on the use of e-filing.

During FY 03-04 the Rules program met with advisory groups, created system requirements, managed and documented the progress of the project, designed training programs, developed training materials, scheduled and presented training. Additionally, staff updated the XML database, styled Word documents for conversion and insertion into the database, and responded to agency email and voicemail. The program continues to accept paper filings and forward the filings to the paper publisher. This process includes logging and filing copies of the material to be published, and communicating with the publisher over issues that arise as the monthly publication is being prepared.

Rules showed a spike in the number of filings in FY 02-03, due in part to certain individual proposed rules being counted and docketed separately, although they had formerly been considered one filing. Even discounted to allow for this procedural change however, the number of filings was unusually

high. In FY 03-04 the figure dropped by over 50 filings and it is anticipated that for the next two years the filings will fall within the range of the previous two years.

ACCOMPLISHMENTS:

While the first contract failed to produce an electronic rules code and filing system, it did lay the groundwork to enable the second company chosen for the project to be successful. It also gave the Division the background and experience to make a more informed choice of a second contractor. The company chosen has more extensive experience with similar projects based on XML technology, the preferred choice for the online presentation of the rules.

The second contractor continues its work on the web application to present the administrative rules online and allow state agencies to file rules electronically. The online system is designed to allow rulemaking agencies to not only file notices and rules electronically with the Secretary of State, but to also request Attorney General Opinions and file rules with the Office of Legislative Legal Services online. The tracking number approach introduced with electronic filing will allow interested parties to follow the rulemaking from proposal through implementation. In creating the system, the rules program collaborated with the Attorney General's Office, the Office of Legislative Legal Services, and rule-makers from various state agencies to create a comprehensive, all-inclusive product. The partnerships formed to create the electronic rules are expected to endure, continuing on with the goal of making improvements and building additional features. Deadlines for docketing and transmission of rules for the print publication have continued to be met throughout this time of transition, and docket errors remain at zero.

As yet, electronic rules and electronic filing is not in place. Near the end of FY 03-04, the Department of State experienced computer outages that affected every program within the office. As a result, time that the IT staff would have devoted to installing the rules web application onto the system was taken up by efforts to maintain office functions and to rebuild the computer center. The server that was to house the rules computer program was not operational during a period of the outages and neither was staff available to install the rules application. The electronic rules computer program has just recently been installed on the Department of State system and it is expected that the system will be fully operational by the end of calendar year 2004.

ACTION PLAN:

The program will: continue meeting with advisory groups; work to improve and enhance the electronic rules and e-filing system; standardize the form and appearance of the administrative rules; continue to present training sessions and refine training materials; act as a help desk for researchers and users of the electronic filing; augment and update the style and procedure manual; and ensure that the administrative rules are published in print.

CUSTOMER REQUIREMENTS:

Customer	Requirement
Legislature	An electronic, centralized, comprehensive administrative rules code/register published monthly at the least cost to the state; a complete, secure state file containing all agency rules, whether active, superseded, repealed or amended, together with all the opinions of the attorney general on such rules.
Rule-making agencies	Regular, reliable electronic (and paper) publication, on a consistent schedule, of all rules and rule-making notices filed; clear, unvarying filing and publication deadlines and instructions. Instruction on the use of the electronic filing system. Guidance on the format and style of rules documents and training regarding the rulemaking process.
Courts, businesses and individuals relying on and/or affected by administrative rules	An up-to-date, accurate, electronic (and paper) rules code and register, indexed and annotated for convenient utilization; an accessible file of both current and past rules; a docket reflecting every rule filing, in chronological order.
Rules contractor (paper publisher)	Timely, complete transmission of all rules, opinions and notices to be published; a "sole official source" contract for paper publication.

STRATEGIC PLAN / PROGRAM NARRATIVE

SECRETARY OF STATE / DEPT OF STATE

PROGRAM TITLE: Charitable Solicitations

CHANGE REQUEST(S): (None)

ESTIMATED TOTAL FUNDING:

Line Item	FY 2004-05 Total Appropriation		FY 2005-06 Total Request	
	Dollars	FTE	Dollars	FTE
Personal Services	\$ 172,573	3.0	\$ 172,573	3.0
Operating Expenses	\$ 20,574		\$ 20,574	
Totals	\$ 193,147	3.0	\$ 193,147	3.0

Federal/State Statutory and Other Authority: Title 6, article 16, C.R.S., “Colorado Charitable Solicitations Act”

PROGRAM DESCRIPTION

This program is responsible for the electronic filing and posting via the Internet of all such charitable solicitations records as are received by the Secretary of State’s office in accord with the requirements of the Charitable Solicitations Act. The program furnishes web-based forms and instructions for report filing, provides customer support, issues overdue notices for registration renewals and solicitation campaign financial reports, and refers campaigns for which no reports are filed, as well as complaints concerning theft, fraud, mismanagement, deceptive trade practices, etc., to the various district attorneys throughout the state and the Colorado Attorney General. Unregistered charitable organizations that do not respond to inquiry letters from the Secretary of State’s office are referred to the Attorney General’s office.

The Secretary of State is responsible for issuing registration numbers to each registrant and has the authority to deny, suspend, or revoke the registration of any charitable organization, professional fund-raising consultant, or paid solicitor. The Secretary of State is required to publicize the new statutory requirements and otherwise assist charitable organizations, professional fundraising consultants, and paid solicitors and compile and publish an annual report summarizing the information provided by those subject to the law. It is anticipated that the number of registrations will rise from its current level of approximately 2,900 charitable organizations and professional fundraisers to an estimated 4,000-4,500 as information regarding this relatively new program and filing requirement is more widely disseminated and administrative tools are developed to identify and contact unregistered charitable organizations

and fundraising professionals. The most significant tool currently available for this purpose is the Internal Revenue Service’s Business Master File (BMF), which the Secretary of State’s office intends to incorporate into its outreach efforts. Any tax-exempt charitable organization that is listed in the BMF and appears to be subject to the state registration requirements will receive notification from the Secretary of State of the potential need to register.

Prioritized Objectives and Performance Measures

OBJECTIVE 1.1 Fully implement the provisions of the revised and re-enacted Charitable Solicitations Act enacted June 5, 2001 and effective May 9, 2002.					
	01-02 Actual	02-03 Actual	03-04 Actual	04-05 Estimate	05-06 Projected
MEASURE 1.1.1 Revise and test as necessary the electronic charitable solicitation campaign filing system.	Begun	Continuing	Continuing	Continuing	Continuing
MEASURE 1.1.2 Examine and approve or reject online filings by charitable organizations.	675	1803	3475	4344	5430
MEASURE 1.1.3 Examine and approve or reject online applications by paid solicitors and professional fundraising consultants for registration numbers.	37	69	86	90	90
MEASURE 1.1.4 Examine and approve or reject online solicitation notices.	3	179	222	230	230
MEASURE 1.1.5 Examine and approve or reject campaign financial reports filed online.	N/A	22	168	200	200
MEASURE 1.1.6 Increase number of charitable organizations registered by 25% in FY 05 and FY 06 using IRS Business Master File and other means to identify unregistered Colorado tax-exempt organizations.	675	2021	2763	3454	4318
MEASURE 1.1.7 Compile and publish an annual report summarizing filed charitable solicitation information.	N/A	Report Design Approved	First Report Published	Publish Report	Publish report

OBJECTIVE 1.2 Develop and promulgate the new rules required by, or recommended pursuant to, the revised and re-enacted Colorado Charitable Solicitations.					
	01-02 Actual	02-03 Actual	03-04 Actual	04-05 Estimate	05-06 Projected
MEASURE 1.2.1 Incorporate into the rules clear, concise guidelines for meeting the requirements for registration.	Emergency Rules Adopted	Permanent Rules Adopted	N/A	Adopt New Rules	N/A
MEASURE 1.2.2 Number of rulemaking meetings and hearings noticed/held	1	1	0	1	0
MEASURE 1.2.3 Number of new rules adopted, as determined from promulgated rules added to the Colorado Code of Regulations.	2	2	0	4	0

OBJECTIVE 2.1 Participate with National Association of State Charity Officials (NASCO) and GuideStar in development of electronic data collection project (NASCONet) to improve public access to state charity registration information from multiple states and assist state charity officials in their regulatory efforts.

	01-02 Actual	02-03 Actual	03-04 Actual	04-05 Estimate	05-06 Projected
Measure 2.1.1 Serve as resource in efforts of NASCO and GuideStar to develop a national web site with the help of a federal Technical Opportunities Program (TOP) grant from the U.S. Department of Commerce.	N/A	N/A	N/A	Begun	Continuing
Measure 2.1.2 Recommend Colorado Department of State participation in developing a NASCONet charities database of state registration information and state enforcement actions	N/A	N/A	N/A	Propose	Continuing

OBJECTIVE 2.2 Continue leadership in state government e-filing by participating in expansion of U.S. Internal Revenue Service's State Retrieval System (SRS) to state charity offices and development of an XML schema that would encourage software developers to offer new multi-state e-filing products to charitable organizations. These combined efforts will help expand electronic filing nationwide for charitable organizations that must register annually in several states.

	01-02 Actual	02-03 Actual	03-04 Actual	04-05 Estimate	05-06 Projected
Measure 2.2.1 Maintain involvement with multi-state e-filing pilot project and Form 990 e-filing project.	Begun	Continuing	Continuing	Continuing	Phased Out
Measure 2.2.1 Build upon experience with pilot project and participate in expansion of IRS State Retrieval System and development of XML schema.	N/A	N/A	N/A	Begun	Continuing

Objective 3.1 Re-assess fee schedule for charities registration program and adjust as necessary

	01-02 Actual	02-03 Actual	03-04 Actual	04-05 Estimate	05-06 Projected
Measure 3.1.1	Initial Fee Schedule Established	Fees in place	Fees in place	Analyze Direct and Indirect Costs of Administering Charities Registration Program	Fees in place

TRENDS AND OTHER BASELINE INFORMATION:

Workload assumptions: Filing numbers had been relatively stable from FY 1995 through May 8, 2002, under a comparatively small, paper-based program. From 320 to 350 solicitations campaign notices and a corresponding number of campaign financial reports were filed annually during that time. During the first full fiscal year of the charities registration program (FY 03-04), the number of solicitation notices declined to 222. Some decline was expected, as it was assumed some paid solicitors would no longer wish to operate in Colorado under the new law. Charities registrations have increased steadily from 2,021 in FY 02-03 to 2,763 in FY 03-04, and it is estimated 3,454 charities will be registered in the Secretary of State's database by the end of FY 04-05.

Based on trends observed in the first 26 months of the program and continuing outreach efforts, the number of registrations and renewals the charities program can expect to receive in FY 05-06 should be approximately 4,300, although it is believed that the total number subject to the registration requirement is in the range of 5,000 – 7,000. The number of charitable organizations likely subject to the statute's registration requirements is an estimate based upon an analysis of domestic nonprofit filings on file with the Secretary of State, the number of 501(c)(3) organizations with Colorado addresses that have IRS Form 990's on file with the Guidestar web site, and the number of exempt organizations with Colorado addresses listed on the IRS web site.

While online registration has significantly reduced the amount of time spent processing paper registrations, setting up new files, photocopying notices and other correspondence, filing supplementary documents provided by registrants, processing payments and the like, the charitable solicitations program still demands that staff approve each individual filing, process complaints, send inquiry letters to unregistered charities, and send certain delinquency notices via regular mail. While the process has been far more efficient than under the old paper-based system, the much larger number of filings has caused staff to devote significant time to the registration process. Staff time is divided among the following types of duties: fielding phone calls and email messages relating to the filing of the final financial reports, sending final notices by U.S. Postal Service to delinquent filers of such reports, auditing and archiving paper files, educating consumers and fundraisers about the new system, processing complaints, referring files and complaints as appropriate to state and federal agencies for further action, maintaining and analyzing the database, identifying problems and recommending enhancements to the web application, coordinating enforcement and public education efforts with the Attorney General, working with other state charity offices to improve registration functions and improve public education and enforcement techniques, and more.

The Secretary of State's office has the authority to pursue administrative remedies for delinquent filers or applicants who act or fail to act in such a manner as to violate provisions of the statute. An automated system for sending delinquency notices that became effective in November 2003 has improved considerably the percentage of organizations that file their annual renewals in a timely manner and has helped reduce delinquent filings of solicitation campaign financial reports. Nonetheless, several charitable organizations and fewer commercial fundraisers lapse into noncompliance and require significant staff assistance to bring their filings back up to date.

In addition, the need for public education will require a sustained effort on the part of this office in order to reach as many organizations subject to the new law as possible and to increase public awareness of the new statutory provisions to a level that will help make the new program a success from the point of view of Colorado consumers.

Existing conditions and trends:

- **Conditions:** The charitable solicitations section is now handling a greatly expanded constituency with an entirely electronic (web-based) registration system. Rather than storing paper documents in filing cabinets or even eliminating paper files through high speed scanning, the new system facilitates electronic storage of information input directly by charitable organizations, professional fundraising consultants, commercial coventurers, and paid solicitors. The charitable solicitations section has adopted new objectives and developed a new action plan to address the new conditions brought about by changes in the charitable solicitations law.
- **Trends:** Since the initial flurry of registration activity in the last weeks of FY 01-02, there has been a steady increase in the number of registered charitable organizations, paid solicitors, and professional fundraising consultants in the charitable database. Outreach efforts and media coverage have led directly to periodic spikes in registration activity, so generating more publicity about the program will continue to be crucial to any attempts to increase the number of organizations registered in the database. Periodic discussions with the Attorney General focusing on ways to increase public awareness of and encourage voluntary compliance with the Charitable Solicitations Act help support the office's outreach activities. Similar meetings with local Better Business Bureaus and leading nonprofit membership organizations continue to generate vital educational opportunities. There has been very little increase in the number of inquiries and complaints recently from consumers, so more work needs to be done in this area. As more consumers become aware of the charities program, however, we expect the number of complaints to increase, as will the demand for resources that would enable investigators to make the necessary inquiries into problems brought to our attention. On the national level, interest in reform of the nonprofit sector continues to grow in the states and in the U.S. Congress, as does interest in promoting e-filing of annual information returns with the Internal Revenue Service and registration documents with the various state charity offices. The Colorado Secretary of State has been a leader in e-government and has made important contributions to the development of e-filing tools for charities on the national level. Her office remains the only state charity office in the nation that requires e-filing by charities and commercial fundraisers. It is one of only two in the country that accepts such filings electronically.
- **Action plan:** A government-private sector partnership in the form of a federal Technical Opportunities Grant (TOP) awarded by the U.S. Department of Commerce to GuideStar and the National Association of State Charity Officials (NASCO) soon will result in a web-based repository of digitized charities registration information for the public and a restricted regulators site that will provide new data analysis and information-sharing tools to state charity offices that elect to participate in the project. At the same time, additional partners under the TOP grant are developing an XML schema for software developers that should greatly speed the development and acceptance of professional e-filing products for charities. Finally, all parties to the grant are working closely with the Internal Revenue Service (IRS) to expand its state retrieval system to

state charity offices in order to facilitate e-filing on the state and federal level for charities. In FY 04-05, the charities registration program will seek department approval to participate in the GuideStar-NASCO project. If the charities registration web application is upgraded as expected in FY 04-05 from a forte-based to a java-based program, any requests for additional resources to participate in the national project in FY 04-05 and 05-06 are expected to be minimal. As in past years, new efforts will be undertaken to expand compliance and awareness of the Charitable Solicitations Act. The charitable solicitations section has established effective partnerships in the government, nonprofit, and information science communities in order to educate the public and those who are regulated, and it continues to make every effort to provide a web-based filing system that is as clear, accurate, and reliable as possible. It continues to expand its cooperation with the Attorney General’s office toward the end of improving data collection, educating consumers, investigating complaints, and enforcing the provisions of the Charitable Solicitations Act.

Customer Requirements

Customer	Requirement
Charities and fundraisers registering solicitation campaigns	Clear, comprehensible online forms and instructions for required filings; understanding of the requirements of the Colorado Charitable Solicitation Act; notices of delinquent campaign reporting; easily accessible records of a minimum of two years of campaign notice and report filings.
Donors/public inquiries	Access to all current public registration and reporting information online, as well as supplemental information that will include answers to frequently asked questions and links to helpful resources related to charitable solicitations. Access to online annual summary information of charitable solicitations campaigns. Ability to quickly reach charitable solicitations program staff by telephone and in person with questions, suggestions, concerns, and complaints.
Charity officials nationwide	Efficient method for exchanging information with appropriate authorities of this state, any other state, and the United States with respect to charitable organizations, professional fundraising consultants, commercial coventurers, and paid solicitors.

Strategic Plan / Program Narrative

SECRETARY OF STATE / DEPARTMENT OF STATE

PROGRAM TITLE: Business Organizations /Secured Transactions, Effective Financing Statements & Misc. Liens

CHANGE REQUEST(S): None

ESTIMATED TOTAL FUNDING: \$1,734,420

Line Item	FY 2004-05 Total Appropriation		FY 2005-06 Total Request	
	Dollars	FTE	Dollars	FTE
Personal Services	\$1,615,544	39.9	\$1,472,661	38.4
Master List Distribution Contract	\$80,000		\$80,000	
Operating Expenses	\$181,759		\$181,759	
Totals	\$1,877,303	39.9	\$1,734,420	38.4

Federal and State Statutory and Constitutional Authority: Sections 7-30-101 through 7-137-301, inclusive, C.R.S.; Sections 12-2-101, et seq., C.R.S.; 7 U.S.C. Sec. 1631; 4-9-101 et seq., 4-9.5-101 et seq., C.R.S.

PROGRAM DESCRIPTION:

Through its Business Organizations Program, the Business Division registers business names, business organizations, trade names and trademarks pursuant to applicable Colorado statutes. It creates, indexes and maintains records regarding these registrations and makes them, and related certificates, accessible to the public. The major goal of this program is to provide faster, more accurate, more efficient, less expensive, remotely accessible “24/7” self-service to both persons requiring a registration and to those requiring access to registered information, while limiting the need for additional personnel. Achieving this goal involves maximizing the use of applicable technology; hiring, training and retaining highly qualified employees; and educating our user community as we evolve into a paperless, self-service office.

Through its Secured Transactions/EFS/Liens Program, the Business Division files, indexes, and makes available to the public Uniform Commercial Code Article 9 Financing Statements and related certificates. The Division provides similar services regarding Effective Financing Statements pursuant to the federal Food Security Act of 1985, and then generates and distributes “master lists” of Effective Financing Statements to buyers of farm products. Further, this Program creates, indexes and maintains records regarding nine additional miscellaneous liens and makes them accessible to the public. As a part of both Programs, the Business Division provides relevant public assistance and education.

PRIORITIZED OBJECTIVES AND PERFORMANCE MEASURES:

OBJECTIVE 1.1 Increase the speed, accuracy and efficiency of business division documents registration by implementing and expanding Web-enabled electronic filing.					
	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Estimate	FY 05-06 Projected
MEASURE 1.1.1 Number of months all business organization documents are processed within statutory deadlines.	5	5	9	9	12
MEASURE 1.1.2 Number of months all UCC documents are processed within statutory deadlines.	5	6	8	11	12
Measure 1.1.3 Average number of days required to process business documents	9	8.5	7	5	2
MEASURE 1.1.4 Average number of days required to process UCC documents.	6.5	6	5	4.5	3
MEASURE 1.1.5 Percentage of eligible business documents filed electronically.	N/A	22	34	40 *	50
MEASURE 1.1.6 Percentage of eligible UCC documents filed electronically.	45	47	53	55	60
MEASURE 1.1.7 Percentage of business documents filed on expedited basis vs. ordinary course of business	11	7	7	6	<1

*Anticipates increase of eligible transactions by 50%

OBJECTIVE 1.2 Increase the speed, accuracy and efficiency of processing business division documents by implementing bar-coding technology and high-speed, high-capacity scanners.					
	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Estimate	FY 05-06 Projected
MEASURE 1.2.1 Average number of days in Scanning Cycle for Business Documents.	14	14	14	3	1
Measure 1.2.2 Average number of days in Scanning Cycle for UCC	7.5	9.5	7.5	7	5

OBJECTIVE 1.3 Increase the accessibility to information and services by informational messaging and automated "fax back" capabilities via our VoIP telephony system and through self service via website.					
	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Estimate	FY 05-06 Projected
MEASURE 1.3.1 Number of documents delivered automatically via "fax back".	N/A	29	31	31	30
MEASURE 1.3.2 Percentage of UCC forms distributed online or by fax server	75	95	95	95	95
MEASURE 1.3.3 Percentage of business forms distributed online	30	50	75	95	95

OBJECTIVE 1.4 Increase the accessibility to information and services by planning and implementing Web-enabled document certification and certificate issuance system.					
	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Estimate	FY 05-06 Projected
MEASURE 1.4.1 Percentage complete.	25	25	25	25	25
MEASURE 1.4.2 Number of Certificates of Good Standing issued via Web site	56,607	88,262	170,000	215,000	270,000

OBJECTIVE 2.1 Increase public education regarding changes in business organization and UCC laws and filing procedures.					
	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Estimate	FY 05-06 Projected
MEASURE 2.1.1 Number of educational presentations made.	8	24	24	36	36
MEASURE 2.1.2 Number of weeks elapsed following end of Legislative Session before all affected forms and publications have been revised/created and published.	N/A	6	2	2	2
MEASURE 2.1.3 Percentage reduction in number of business organization documents rejected for non-compliance with applicable law.	2	-.7	1	20	50
MEASURE 2.1.4 Number of "hits" on Business Division Web site (weekly).	15,990	28,000	34,000	50,000	70,000

OBJECTIVE 2.2: Hire, train and retain highly qualified personnel.					
	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Projected	FY 05-06 Projected
MEASURE 2.2.1 Average number of vacant positions	12	6	2	2	4
MEASURE 2.2.2 Number of employee training hours delivered	50	250	250	250	300

OBJECTIVE 3.1: Increase the number of electronic filings.					
	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Estimate	FY 05-06 Projected
MEASURE 3.1.1 Number of filings communicated electronically.	24,800	41,500	72,000	145,000	160,000
MEASURE 3.1.2 Number of UCC filings entered per employee.	N/A	16,000	14,000	15,000	15,000

TRENDS AND OTHER BASELINE INFORMATION:

There is a clear trend toward expansion and complexity of business organization laws in Colorado. It is assumed that this trend will continue. This will place an increasing burden on the Business Division to participate in the drafting, enactment, interpretation and revision of these laws in order to assure that administrative concerns are addressed, to revise administrative procedures appropriately for new and changed laws, to train the Business Division’s employees and to educate the Division’s constituents.

Additionally, there has been a trend toward increased business activity in the State and therefore in the volume of filings. Over the three year period from July, 2001 to May, 2004, the total number of business records maintained by the Business Division has grown from 326,424 to 396,661, a 21.5% increase; while the number of personnel processing business records has decreased as a result of the incorporation of the CIS into the Business Division. In January of 2002 the number of business entity periodic reports doubled as a result of statutory changes. The trend towards greater complexity and an increase in filings will continue and it will be necessary to implement the most efficient and effective technology in order for the personnel of the Division to keep pace with this increasing workload.

There were 107,000 financing statements filed during FY01-02, 125,000 during FY02-03 and 110,000 for FY03-04. Projections for FY04-05 are for approximately 122,000. The economic climate is such that the total number of filings may remain level or increase for the next few years until the economy improves. The number of filings communicated electronically has been steadily increasing each year. Total electronic filings for FY03-04 were 59,000. During FY01-02, 3,600 paper filings of financing statements were received and entered on average every month. It required 4.0 FTE to process these

documents. During FY02-03, the Division processed an average of 3,300 paper filings each month. The actual for FY03-04 was 4,300 paper filings per month processed by two people. Even with the increase in electronic filings, paper filings still average 4,700 per month and are being processed by two FTE.

Our customers have increasing expectations regarding the services we provide and their access to them. The Business Division must necessarily implement new methods by which it can provide such services. The primary means to accomplish this will be electronic filing of documents and remote access to the Division's data, forms, information and services on a "self-service", 24 hours a day, 7 days a week, basis. Other means include new and improved forms and instructions, expanded publications, including new and expanded content on the Division's Web site, and educational outreach programs. Such enhanced Web site content includes additional "frequently asked questions" and a glossary of terms.

After several years of hiring difficulties, the Division has finally been able to fill most of the vacant positions with permanent employees. The Division has suffered a very high rate of employee turnover in the past but expects that trend to turn around as the Division upgrades positions and especially if the national economy should deteriorate. The Division must continue to find ways to attract qualified employees by providing enhanced career opportunities, greater responsibility, and better training. Additionally, the Division must find innovative, less labor-intensive ways to deliver services to its customers through means of "self-service" delivery systems. This can be accomplished by digitizing the remaining non-digital data and images maintained by the Division, and making all data and images and related certifications, information, forms and instructions available to the public on the Division's Web site and by automated telephone messages and "fax back" services.

ACTION PLAN:

The Division will continue to promote the advantage of the electronic filing program in order to increase the usage of electronic filing and other Web-based services. This plan requires more public outreach on the part of the Division's senior staff.

The Division will continue to develop and present multi-media presentations to local bankers' and lawyers' groups. The Division presently sponsors a monthly training session for users and has received approval for CLE credit for lawyers from the Colorado Supreme Court. The Division will continue its efforts in writing articles in cooperation with these same groups for insertion into their professional newsletters and journals. Abbreviated articles have been placed on the Divisions Web site. The Division will continue to collaborate with national industry groups for dissemination of timely, pertinent information. The Division is investigating the offering of payment of applicable fees via Automated Clearing House ("ACH") electronic funds transfer which fee payment method is preferred by some customers. It is also considering changes to its systems to enable Uniform Commercial Code records to be communicated to the filing officer in xml format.

The Division will fill vacant positions with highly qualified permanent employees, and thoroughly train and motivate all employees.

The Division will participate with the business community in clarifying applicable statutes in order to eliminate inconsistent provisions that impede efficient administration of those statutes. It will revise all forms and publications promptly following changes in the law to keep them legally effective and to reduce the number of documents rejected for non-compliance.

The Division will implement electronic filing procedures that will result in the filing of error-free documents with minimal demands on personnel and move the Programs toward a "paperless" electronic environment. It will process paper filings more expeditiously using modern workflow practices that incorporate bar coding and high-capacity, high-speed scanners utilizing improved "error checking" software.

It will identify and implement other means of providing remotely available "self-service" to the Division's user community and redirect the efforts of our personnel from processing paper toward providing effective, friendly customer assistance and education, both of which are increasingly technical – and hence complex and often difficult - in nature given the reliance by the Division on technological solutions. Online "tutorials" have been designed and made available to the public on the Division's Web site to aid customers with more self-help educational opportunities prior to, or in lieu of, contacting Division employees. The Division will implement "Team Share" in its customer service call center. This program will allow customer service representatives to create a "trouble ticket" that will be routed to the appropriate individual who can respond to the customer's question. The system will generate a knowledge base over time that will be used by Division staff to respond to customers' frequently asked questions.

Accomplishments:

During the past several years the Division has reclassified certain employee positions to reflect the increased responsibilities and duties imposed on those positions. This has assisted the Division in attracting and retaining qualified personnel, and the Division will continue to pursue this initiative. Workstations were reconfigured to improve operational efficiency, including a process of document data entry utilizing an electronic image of the paper document being processed.

The Division has participated actively with the business and legal communities in enacting, reviewing and revising the laws administered by the Division, such as the Colorado Uniform Partnership Act, the Colorado Limited Liability Company Act, the Colorado Revised Nonprofit Corporation Act, the innovative Colorado Corporations and Associations Act, and Revised Article 9 of the UCC and the Central Filing of Effective Financing Statements Act. The Division has also expanded the information available to the public via the Internet, 24 hours a day, 7 days a week, including making electronic

images of business filings accessible from the Division’s Web site. The Division currently provides an electronic filing program for UCC documents via the Internet. The number of UCC documents filed electronically is increasing each month. Electronic filings have been averaging 50% of the total number of UCC filings for the past six months. Electronic filing is expected to reach 70% of total filings in the near future.

By providing ‘real-time’ mistake-proof online filing of business organization documents, the Division has greatly reduced the demand for “expedited filing” of documents on a “while you wait” basis”, which is by its very nature inordinately labor-intensive.

The Colorado General Assembly enacted Senate Bill 03-041, which eliminated the former “Central Information System Board” and transferred the functions of that Board to the Secretary of State acting as the “Central Filing Officer” under the Central Filing System and the Division has successfully absorbed these duties. UCC search functions were taken over by the Department on July 1, 2002. The search program is available via the Internet. By previous action, costs of searching were reduced from \$1,000 for six months to \$200 for six months. Effective October 1, 2004, UCC searches via the Web site were made free. Pursuant to HB02-1014, the Division has completed the primary phase of its privacy project to “redact” social security numbers from the images of Financing Statements filed pursuant to Article 9 of the Uniform Commercial Code. .

Finally, the Department has expanded the hours the Secretary of State's Office is open to the public and increased the information and electronic filing options available to the public on a “self-service” basis on the public view stations in the Office’s public area.

CUSTOMER REQUIREMENTS:

Customer	Requirement
Members of the business community, their attorneys and other professionals, service companies and other government agencies	Timely, reliable information, including certificates, regarding the records maintained by the Division; assistance with completing and filing documents, and related fees; education regarding changes in the law and the procedures employed by the Division; increased means by which customers can remotely access the information available from the Division on a “self-service”, 24 hours a day, 7 days a week, basis; new statutes and improvements to existing law to enable Colorado entities to remain competitive with businesses subject to the laws of other jurisdictions.

Customer	Requirement
Banks, Lawyers Other Lenders	Adequate understanding of statutory changes regarding filing requirements, filing office procedures, fees, etc.
Banks, Lawyers Other Lenders	Fast, accurate filing of UCC documents with immediate notification that the document has been filed.

Explanation of Base Request (In Long Bill Order)

ASSUMPTIONS AND CALCULATIONS:

The Department's base request includes the following assumptions and calculations:

Administration – Personal Service and Operating Expenses:

The Budget Request for FY2005-2006 includes the Salary Survey, Performance Base Pay, Short Term Disability and Health, Life and Dental figures based on the Office of State Planning Budget Common Policies. Personal Services also includes additional retirement costs for anticipated retirements during fiscal year 2005-06. The above requests include PERA @10.15% and Medicare @ 1.45%.

The above request includes Cash Fund Exempt monies for Indirect Cost Recoveries from HAVA. (Help America Vote Act). These monies will be additional to the base request and are continuously appropriated. The Administration Division plans on hiring additional 1.0 FTE for continued support of the program.

Special Purpose – Help America Vote Act Program:

The total amount estimated for this line item reflects all costs expected to be paid from HAVA funds (the Federal Elections Assistance Fund) in the estimate and request years, including costs paid from other line items in the Administration and Information Services long bill groups, such as statewide and departmental indirect costs. Thus, where HAVA funds are shown in the budget schedules for line items in the Administration and Information Services long bill groups, they are duplicate appropriations and are therefore noted with a (T) notation.

HAVA funds are continuously appropriated by statute and are shown in the long bill for informational purposes only. Therefore, in accordance with OSPB budget instructions, changes in appropriation amounts and FTE are not reflected by change requests; however, they are separately shown in the budget schedules for ease of identification. In particular, the amounts shown for FY 05-06 in the Administration long bill group for Personal Services and Operating Expenses reflect increases attributable to additional support required for the HAVA Program, such as human resources, budgeting, accounting, public information, travel management, etc.

Special Purpose – Initiative and Referendum:

The amount requested for FY 2005-2006 for "Initiative and Referendum" (\$50,000) is less than the \$500,000 appropriated for the current fiscal year, but it is the same as the amount appropriated in FY 2003-2004. In keeping with prior practice, no change request is included with the November 1, 2004 Budget Request to reflect the decrease. This is because the Initiative and Referendum line item regularly fluctuates up and down, depending on whether the fiscal year includes a general election. Thus, \$50,000 is treated as the continuation level for FY 2005-06 (which does not include a general election), and it is anticipated that \$500,000 will be treated as the continuation level for FY 2006-2007 (which does include a general election.)

All Long Bill Groups:

The ongoing costs of special bills are included in all long bill groups.

For FY 04-05, the budget schedules include the costs attributable to the 1331 emergency supplemental request that was approved by the Joint Budget Committee on September 22, 2004. In addition, the budget schedules include the costs attributable to a supplemental request that the Department expects to submit in November 2004 to replace computer equipment exposed to "zinc whiskers".