

*Senate Budget and Fiscal Review—Scott Wiener, Chair*

# SUBCOMMITTEE NO. 4

# Agenda

**Senator Christopher Cabaldon, Chair**  
**Senator Roger W. Niello**  
**Senator Lola Smallwood-Cuevas**



**Thursday, March 6, 2025**  
**9:30 a.m. or Upon Adjournment of Session**  
**State Capitol - Room 113**

Consultants: Elisa Wynne, Timothy Griffiths, & Jessica Uzarski

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Public Comment will be taken following each Departments Issues, and again after all Issues have been heard.

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## ITEMS FOR VOTE ONLY

### 0890 SECRETARY OF STATE

Issue 1: Help America Vote Act Spending Plan
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**Request.** The Governor’s budget requests, for the Secretary of State, one-time Federal Trust Fund expenditure authority in the amount of \$8.4 million in 2025-26 to continue implementation of the statewide mandates of the Help America Vote Act of 2002.

**Background.** On October 29, 2002, the President signed into law the Help America Vote Act of 2002 (P.L. 107-252) (HAVA). To date, California has received \$476.6 million in federal funds to implement these mandates. Currently, including interest earned, total funds received equal \$529.6 million. This amount includes the most recent appropriations in the Consolidated Appropriations Act of 2022 which was granted to the SOS in the amount of \$5.827 million and the Consolidated Appropriations Act of 2023 which was granted to the SOS in the amount of \$5.827 million.

The requirements of HAVA include statewide modernization or replacement of voting equipment, education and training programs for election officials and poll workers, development, and dissemination of voting information to increase voter participation and confidence, voting system testing and approval, and a statewide voter registration database.

The Administration requests \$8.4 million Federal Trust Fund expenditure authority in 2025-26 to continue implementation of the statewide mandates of HAVA. The requirements of HAVA include statewide modernization or replacement of voting equipment, education and training programs for election officials and poll workers, development and dissemination of voting information to increase voter participation and confidence, voting systems testing and approval, county assistance for improving voting systems, implementing risk limit auditing, ensuring election assistance for individuals with disabilities, election auditing, and improving the secure administration of elections. This request does not include funding for maintenance and operating costs for VoteCal, the statewide voter registration database, which is requested in the separate budget change proposal covered in Issue: 2.

**Staff Recommendation.** Approve as budgeted.

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Issue 2: Help America Vote Act - VoteCal
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**Request.** The Governor’s budget requests, for the Secretary of State (SOS), \$10.9 million Federal Trust Fund expenditure authority in 2025-26 to cover costs for the maintenance and operations vendor, Election Management Systems support contractor, data lines, and off-premises cloud costs for the VoteCal statewide voter registration system.

**Background.** The SOS is responsible for overseeing the administration of California elections. The statewide voter registration system, VoteCal, supports the registration of voters in California, administered by the SOS. The SOS ensures that state and federal elections laws are fairly and uniformly administered, that every eligible voter can participate in the electoral process, and that the process remains open and free from fraud. The administration states that California’s voter registration program is fundamental to that effort and that maintaining accurate records of all legally registered voters is critical to ensuring the integrity of all elections conducted in this state. To fulfill the purposes of the voter registration program, the state distributes voter registration cards through many channels, including local advocacy groups, other state and local agencies, and provides online access to registration materials.

VoteCal serves as the single system for storing and managing the official list of registered voters in the state. Additionally, HAVA mandates that the voter registration system utilize data that is contained in systems at the DMV, the California Department of Public Health (CDPH), and the California Department of Corrections and Rehabilitation (CDCR) for voter identification or verification and list maintenance purposes. The VoteCal system also interfaces with the Employment Development Department (EDD) to validate and correct address information against the U.S. Postal Service’s National Change of Address system as required by state and federal law.

Specifically, the SOS requests \$10.9 million Federal Trust Fund spending authority to support the VoteCal maintenance and operations vendor; data analysis consultant, security assessment, and Election Management support and verification contracts to analyze and support the VoteCal system for vulnerabilities and performance enhancements. The funding also will support increased connectivity costs with counties and the maintenance of the VoteCal system on a California Department of Technology off-premise cloud environment. In addition to the core technological structure, VoteCal, as a near real-time centralized database, requires the SOS to work closely with county election officials and their staff, the county EMS vendors, and state interface partners (DMV, CDPH, CDCR, and EDD) to maintain and administer the VoteCal system.

**Staff Recommendation.** Approve as budgeted.

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**Issue 3: Secretary of State Building Security**

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**Request.** The Governor’s budget requests, for the SOS, an augmentation of \$1.5 million (\$545,000 General Fund and \$955,000 Business Fees Fund) in 2025-26, and annually thereafter, for increased facilities operations costs for security services.

**Background.** The March Fong Eu Building Complex serves as the SOS’s headquarters, and houses the business operations of the SOS, the California State Archives, and the California Museum. The complex is currently undergoing security infrastructure upgrades and improvements. The complex is 531,049 square feet of office space, in a high-traffic area which is located one block south from the State Capitol and is immediately adjacent to the Archives Plaza light rail station and the new Swing Space Building. It consists of a unique mix of public access, consisting of visitors to the Archives and Museum, groups using the large auditorium for meetings and training, and people conducting business at a variety of public counters within the SOS. These public counters are located throughout the building on various floors and are open to the back offices which serve as employee work areas.

The Administration states that, in the past decade, the annual cost of unarmed security at the March Fong Eu Secretary of State Building has steadily risen, creating a growing financial strain and potential ongoing burden to the SOS budget. Since 2015-16, costs for unarmed security have increased by \$1 million due to state and local wage and benefit increases in accordance with Government Code 19134. Additionally, the administration states that upon completion of the SOS Physical Security Infrastructure Project – Phase 3 in 2025-26, additional guards will be required at security screening devices located at public entries to further mitigate identified security vulnerabilities which will further increase the SOS security costs by \$500,000 annually. The combination of cost increases and additional guards creates an annual \$1.5 million financial burden on the SOS’s Overhead budget which the SOS has stated they are unable to absorb.

Outside of the remit for the SOS, the March Fong Eu Building Complex hosts numerous events attended by the Governor, members of the legislature, and other dignitaries, making security of the building of higher priority. The also hosts a significant volume of daily visitors, and its auditorium is frequently rented to other state agencies and the public. The Administration suggests that a failure to address stated security vulnerabilities will put individuals at risk and that the proximity to the Capitol and the Swing Space for the Capitol Annex occupants makes the building extremely vulnerable to being a target for larger scale threats.

Historical and anticipated security costs are set forth within the request as follows (see following page):

<b>Fiscal Year</b>	<b>Annual Security Costs</b>	<b>Cumulative Cost Increase Since 2015-16</b>
Estimated 2025-26 Cost	\$2,499,228	\$1,491,228
Estimated 2024-25 Cost	\$2,209,000	\$1,201,000
2023-24	\$ 2,102,396	\$1,094,396
2022-23	\$1,993,296	\$985,296
2021-22	\$1,734,182	\$726,182
2020-21	\$1,792,008	\$784,008
2019-20	\$1,665,579	\$657,579
2018-19	\$1,408,296	\$400,296
2017-18	\$1,136,586	\$128,586
2016-17	\$1,035,910	\$27,910
2015-16	\$1,008,000	-

**Staff Recommendation.** Approve as budgeted.

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**Issue 4: Vote Centers Continued Position Funding**

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**Request.** The Governor’s budget requests, for the SOS, \$616,000 from the Voting Systems, Security Measures, and Elections Administration Special Deposit Fund in 2025-26 and 2026-27, for staff needed to continue to implement and administer the provisions set forth in Chapter 832, Statutes of 2016 (SB 450).

**Background.** The administration contends that the implementation of Senate Bill 450 (2016), also known as the Voter’s Choice Act (VCA), has precipitated steady growth in the number of counties and registered voters. The request states that the VCA model has increased civic participation by providing voters with more days and more ways to vote leading up to an election. Under the VCA, a county is authorized to provide ballot drop-off locations, vote centers, and plans for the administration of all-mailed ballot elections. A vote centers are alternatives to traditional polling locations where voters can vote in person up to 10 days before an election.

The Administration states that approval of this budget request will fund three existing positions: 1 Career Executive Appointment (CEA), 1 Associate Governmental Program (AGPA), and 1 Information Technology Specialist I (ITS I), with descriptions provided as follows:

- CEA – This position is designated as the Deputy Secretary of State for Policy and Planning. It serves as a high-level program manager and special advisor/administrator for the program. The position is responsible for oversight management and directing staff who manage statewide implementation of the VCA, including but not limited to: (1) establishing contacts with the constituency, governmental and public organizations, and local communities at the county level; (2) guide and provide oversight to the VCA task force; (3) coordinating strategic responses for both small and large-scale outreach and collaborative efforts within an adaptive and constantly changing environment between each county; and (4) identifying best practices, and ensuring consistency and timely completion of all implementation phases by overseeing all statutory reporting requirements as required by SB 450.
- AGPA – This position is primarily responsible for: (1) developing and implementing a process for the submission of county voter education and outreach plans and the continuing maintenance of the renewal of the outreach and education plans at an initial two years for every county, and then four year renewals thereafter; (2) developing and implementing a process for collecting data on outreach and education to be reported to the Legislature; and (3) providing support to the VCA task force, including compiling reports on recommendations to the Legislature. In addition, the AGPA will continue to work closely with the counties to develop best practices and guidelines to assist them in the creation of voter outreach and education plans and will implement a process for the submission, review, analysis, and approval or rejection of these plans prior to each election conducted under SB 450. Per the statute, the SOS must approve, approve with modifications, or reject each voter education and outreach plan within 14 days of submission by the county elections official.

- ITS I – This position continues to plan, conduct, and monitor voting system and electronic poll book system certification testing, evaluation, and monitoring. Certification testing and evaluation involves: (1) review of system certification applications and technical data packages for legal sufficiency, as well as have technical understanding of system interfaces, functional performance and system security; development of highly customized testing plans (protocols) based on each system’s design and function; (2) review and evaluation of system change documentation to determine type of change (new features, enhancement, bug fix, etc.), and determination of the appropriate level and method of testing and verification; (3) scheduling and coordination of testing events and management of associated logistics for such testing; (4) oversee and conduct actual system testing, including functional and regression testing of system, as well as volume reliability testing; (5) collection, analysis, and summarization of data from system testing during primary, general, and volume tests; and (6) review, evaluate, and edit proposed system use and security procedures for compliance with California Elections Code, agency policy, and industry best practices.

**Staff Recommendation.** Approve as budgeted.



## ITEMS FOR DISCUSSION

### 0981 CALABLE

Issue 5: Administration of the California Achieving a Better Life Experience Act Board
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**Request.** The Governor's budget includes \$182,000 General Fund ongoing for one Associate Governmental Program Analyst (AGPA). This position would support the development and implementation of a marketing, outreach, and public education program for individuals who will be newly eligible for CalABLE accounts beginning January 1, 2026.

**Background.** The federal Achieving a Better Life Experience Act of 2014 (ABLE), allowed individuals who become blind or disabled before reaching age 26 to create tax-free savings accounts. ABLE accounts generally follow the same rules as 529s: individuals can make nondeductible cash contributions to an ABLE account in the name of a specified beneficiary, and with tax-free earnings. ABLE account distributions are also not included in the beneficiary's income if they are used for qualified services for the beneficiary and distributions do not exceed the cost of those services. The ABLE Act directs states to establish one ABLE account for each eligible beneficiary. SB 324 (Pavley), Chapter 796, Statutes of 2015, and AB 449 (Irwin) Chapter 774, Statutes of 2015, implemented the ABLE Act in California and directed the CalABLE Board to administer ABLE accounts on behalf of qualified Californians. The ABLE Act, for taxable years beginning on or after January 1, 2015, encourages and assists individuals and families to save private funds for the purpose of supporting persons with disabilities to maintain their health, independence, and quality of life by excluding from gross income distributions used for qualified disability expenses by a beneficiary of a Qualified ABLE Program established and maintained by a state, as specified.

In addition, commencing January 1, 2026, AB 339 (Irwin) Chapter 324, Statutes of 2023 raised the eligibility age limit for the onset of disability from age 26 to age 46 which would enable more disabled Californians to qualify for a CalABLE account.

The Program launched for public enrollment in December 2018. As of February 2025, CalABLE has 13,570 accounts, with a total of \$185 million in assets under management. Under current growth and budget assumptions, CalABLE is expected to reach self-sustainability (revenue exceeds operating expenditures) when it reaches approximately 20,500 accounts.

Calable Assets and Accounts:

Metric*	2022	2023	2024
Total Assets	\$90 million	\$127 million	\$172 million
Total Accounts	8,739	10,527	13,058
Average Balance	\$10,259	\$12,091	\$13,193

\*As of 12/31

CalABLE's year-over-year growth:

Metric	2022	2023	2024
Total Assets	+27.2%	+42.0%	+35.4%
Total Accounts	+23.1%	+20.5%	+24.0%
Average Balance	+3.3%	+17.9%	+9.1%

CalABLE has operated with General Fund loans to fund initial startup costs, totaling \$4.8 million at the beginning of fiscal year 2024-25. Budget actions in 2024-25 extended the repayment date of loans through June 30, 3032 and waived interest fees. As part of the extension, CalABLE is working with the Department of Finance and the State Controller's Office to initiate a transfer of \$1.2 million from the CalABLE Administrative Fund to the General Fund in 2024-25 (to date, \$850,000 has been transferred). The payment will reduce the balance of \$4.82 million in General Fund loans to \$3.62 million. Thereafter, CalABLE will continue to make annual payments to the extent there is sufficient revenue available.

**Staff Recommendation.** Approve as budgeted.

**0840 STATE CONTROLLER****Issue 6: Accounting Book of Record and Annual Comprehensive Financial Report (ACFR)  
FI\$Cal Implementation**

**Request.** The Governor’s budget requests \$9,124,000 (\$5,566,000 General Fund and \$3,558,000 Central Service Cost Recovery Fund) for consulting services to support the State Controller’s Office (SCO) Book of Record functionality migration to FI\$Cal.

**Background.** The SCO is the last of partner agencies to transition its Book of Record for Accounting and Financial Reporting to FI\$Cal. The SCO and the other partner agencies, including the Department of Finance, the State Treasurer’s, and the Department of General Services have utilized consulting services support provided by a system integrator to assist with planning, analyzing, building, testing, deploying, and supporting their functionalities through all phases of their projects. Government Code 11860 requires that the SCO and other partner agencies Book of Record functionalities be integrated into FI\$Cal by July 1, 2026. This process, according to the budget request, “necessitates structured coordination between SCO, the Department of FI\$Cal, partner agencies, and departments statewide; including streamlined and informed decision-making, buy-in from end-users, and the development of functionalities aligned with the state’s desired future state business processes.”

The administration states that the SCO currently uses FI\$Cal in a limited fashion, with significant reliance on their legacy Book of Record system. Significant work will be required to prepare SCO for the change in accounting system. SCO submitted its initial 3-year plan and necessary requirements to the Legislature in December 2023. In the 2024-25 budget year, SCO received funding to support the SCO Book of Record migration to FI\$Cal for one year. The SCO now requests an additional year of consulting services funding in furtherance of their stated goal to achieve desired to complete to continue to achieve SCO’s desired outcomes for the BFM implementation including the transformation of SCO’s operational processes.

**Staff Recommendation.** Hold open.

**0950 STATE TREASURER****Issue 7: Jesse Unruh Building Relocation Costs**

**Request.** The Governor’s budget requests, for the State Treasurer’s Office (STO), one-time general fund of \$735,000 for relocation costs associated with its transition back to its permanent headquarters, the Jesse Unruh Building. Provisional language is also requested to allow for additional costs, if required

**Background.** Pursuant to the Department of General Services sequencing plan for renovating or replacing state office buildings in Sacramento, STO staff members were previously relocated to a temporary space within the Paul Bonderson Building, located at 901 P. Street, Sacramento. This relocation occurred in connection with the *Jesse Unruh Building Renovation Project*. The renovation was intended to address a variety of fire and life safety, building code, hazardous materials, and other infrastructure deficiencies identified in an infrastructure study. This renovation project is expected to be substantially complete by fall 2025, with STO staff to return at that time.

STO is requesting one-time funding of \$735,000 in General Fund for the purpose of securing services to perform tasks associated with completing moving activities. Some of the required activities that must be completed include: disconnect electrical cables; move miscellaneous equipment and cabinets; the move of 516 staff members’ related office equipment, files, etc.; and relocation of Information Technology/telecom infrastructure to ensure continuity of operations (e.g. pulling fiber, network needs, etc.) back to the Jesse Unruh building. The estimation of costs of relocation for office furniture/equipment and the 516 staff members was performed using cost factors provided to the STO by DGS. Physical move costs were calculated on a \$600 per person estimate for a “box move”, defined as the labor, equipment and materials to perform various office move related services including packing, moving, transportation/delivery, and unpacking and moving management. Costs also include the information technology infrastructure expenses necessary to ensure continuity in operations, and to avoid disruption to the network.

The STO anticipates ongoing funding requests for their occupation of the Jesse Unruh Building, and has therefore requested that provisional language be added to this budget item to allow requests for additional funding, if required. The additional funded can be expected to relate to additional moving costs, as well as potential higher lease costs associated with the renovated building. Under the provisional language, the Director of Finance may authorize expenditures if deemed necessary after 30 days after notification in writing to the fiscal committees in each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee, with an explanation of necessity.

**Staff Recommendation.** Approve as budgeted.

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**Issue 8: Operating Expenses and Equipment**

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**Request.** The Governor’s budget requests, for the STO Information Technology Division (ITD), an ongoing appropriation and corresponding funding augmentation of \$520,000 (\$312,000 General Fund and \$208,000 Central Services Cost Recovery Fund) to its operating expenses and equipment budget to address a described gap between recurring IT operational expenses and the current allocated operating expense and equipment budget. This request states that it is intended to resolve a significant budgetary gap resulting from underfunding in the current operating expense and equipment allocation, and further states the goal of retaining essential security technologies and tools, supporting ITD’s efforts in cloud computing and modernization.

**Background.** STO's ITD oversees a wide array of technologies and tools, including over 50 business applications and various SaaS subscriptions. Over the past three years, in response to security findings from the 2021 Intelligence Support Activity military audit, ITD has implemented new technologies and tools such as Tenable, Aruba ClearPass, PAN Cortex XDR, Delinea Secret Server, and Microsoft Sentinel to close described “critical security gaps”, for which STO had not budgeted for.

These investments have raised the annual operational expenses to \$2,678,624 (excluding capital expenditure projects such as server and storage refreshes), while the current operating expenses and equipment budget is currently \$2,158,947, resulting in a shortfall of \$519,677. The administration states that ITD has previously absorbed rising operational costs imposed by the California Department of Technology without receiving any corresponding relief through increased funding, and this shortfall in particular has historically been covered through year-end department-wide savings. The STO states that this practice is no longer sustainable. This proposal seeks to rectify this budget discrepancy and ensure uninterrupted support of ITD's critical technologies and services.

The request states that without appropriate funding, ITD risks being unable to sustain the security investments necessitated by findings from the 2021 ISA military audit. The request proposes that closing the funding gap will eliminate reliance on year-end savings, secure a stable financial base, and ensure safe and high-performance IT services to STO and its business partners. STO suggests that this adjustment is critical to maintaining secure operations, supporting STO's transformation journey, and ensuring compliance with state mandates.

**Staff Recommendation.** Approve as budgeted.

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Issue 9: Personal Services Budget
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**Request.** The Governor’s budget requests, for the STO-ITD, an ongoing appropriation augmentation and corresponding funding increase of \$536,000 (\$322,000 General Fund and \$214,000 Central Services Cost Recovery Fund) to fully fund personal services costs for all 42.5 authorized positions.

**Background.** According to the STO request, the ITD currently has 42.5 authorized positions, funded through a corresponding annual expenditure of \$7,755. The personal services budget, however, allocates only \$7,220,165, resulting in a budget shortfall of \$535,823.

ITD has previously absorbed increased operational costs without receiving corresponding relief via augmented funding. The STO states that the authorized position budget shortfall has forced ITD to manage vacancies and reduce operational expenses to cover personal services costs. This practice, according to the STO, has become unsustainable with the recent filling of critical vacancies. As ITD fills the remaining vacant positions, STO suggests that the budget shortfall will become increasingly unmanageable, putting the division’s operations and strategic goals at risk. Associated costs include: (1) the statewide information technology classification consolidation project, (2) staff level classification changes necessary to provide compensation commensurate with the level of responsibility and accountability for ITD programs.

The STO states that this request will address the budgetary shortfall resulting from underfunding in the current Personal Services allocation and ensure the onboarding of critical positions; and it will support ITD’s broader transformation efforts, including cloud adoption and modernization initiatives.

**Staff Recommendation.** Approve as budgeted.

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Issue 10: Support Application Development
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**Request.** The Governor’s budget requests, for the STO-ITD \$869,000, with \$444,000 in ongoing reimbursement authority, to support the growing application development, modernization, and hosting needs of the Boards, Commissions, and Authorities (BCAs) under the purview of the Treasurer. The additional funding requested is intended to cover new application development, operations, and cloud hosting costs through Microsoft Azure to meet the stated digitization and modernization objectives of BCAs.

**Background.** ITD currently provides basic IT services such as laptop support, workplace collaboration services, and internet connectivity to 12 BCAs reporting to the Treasurer. However, many of these BCAs require new or modernized application development to digitize their business processes. The STO and ITD state that they lack the reimbursement and expenditure authority necessary to enter into interagency agreements to provide these expanded services. BCAs have reportedly expressed a need for modern cloud-hosted solutions, but ITD cannot fulfill these requests without the requested budgetary adjustments. This limitation allegedly restricts the ability of BCAs to modernize and digitize their operations under the support of STO-ITD.

The STO states that the granting of this request is expected to increase efficiency in application development and operations for the BCAs, ensure cost savings through centralized cloud hosting in Microsoft Azure, and help modernize legacy systems. Additionally, ITD states that it will be better enabled to ensure compliance with security policies and data protection requirements. The ITD will provide ongoing support and maintenance for the applications developed under these agreements. Agreement performance indicators will include successful completion of application development projects for BCAs like CalSavers and CDIAC, cost control measures for cloud hosting, and feedback from BCAs on the effectiveness of STO and ITD services.

The administration states that if the request is approved, ITD will begin entering into formal interagency agreements with BCAs. Initial agreements are currently in draft stages with ITD using CDIAC and CalSavers agreements as a blueprint. ITD intends to allocate resources for new cloud hosting setups in Microsoft Azure and hire contractors or reallocate personnel to support application development, maintenance, and operations, with projects being phased in over the fiscal year. ITD suggests it will begin with high-priority BCAs, and monitor agreement implantation for performance and costs.

The STO states that it is challenging to provide an accurate timeline for new development projects and application hosting needs in advance due to changing priorities, limited support from existing platforms, and evolving business processes and workflows of BCAs, but has provided estimated timelines for BCA project implementation (see following page).

<b>BCA</b>	<b>Project Start Date</b>	<b>Project End-date</b>	<b>Ongoing Maintenance &amp; Support Starts</b>
CDIAC (California Debt and Investment Advisory Commission)	NA	NA	07/01/2024
CalSavers (CalSavers Retirement Savings Board)	07/01/2025	10/31/2025	11/1/2025
CEFA/CHFFA (California Educational Facilities Authority and California Health Facilities Financing Authority)	07/01/2025	10/31/2025	11/1/2025
CTCAC/CDLAC (California Tax Credit Allocation Committee and California Debt Limit Allocation Committee)	12/01/2025	03/30/2026	04/01/2026

**Staff Recommendation.** Approved as budgeted,



**0890 SECRETARY OF STATE****Issue 11: Notary Automation Program Replacement Project (NAP 2.0)**

**Request.** The Governor's budget requests, for the Secretary of State (SOS), \$13.5 million Business Fees Fund in 2025-26 for the continuation of the Notary Automation Program Replacement Project (NAP 2.0).

**Background.** The SOS is responsible for the appointment of all California notaries public. Prior to appointment, a notary public applicant must complete an education course and pass both a notary public examination and a background investigation from both the California Department of Justice and the Federal Bureau of Investigation.

The SOS currently utilizes a legacy Notary Automation Program (NAP) system to store and maintain notary public commission data. The NAP system is used to process requests to authenticate public officials' signatures on documents for use outside the United States. The NAP system is approximately 30 years old and the SOS states that a more modern replacement system is required.

The current NAP system was developed utilizing the PowerBuilder application, which SOS contends is dated and difficult to update owing to its ageing architecture. SOS also states this ageing architecture makes it difficult to find qualified personnel to update and maintain the system. SOS contends that current technology has evolved since NAP's creation, making integration with modern systems increasingly difficult and that the creation of a new system will allow the SOS to streamline business processes and offer more efficient online services to notaries and the public. The request suggests that a replacement system will also allow for easier updates and maintenance, and better integration with modern systems.

The SOS request of \$13.533 million from the Business Fees Fund in 2025-26 to continue the Notary Automation Program Replacement Project (NAP 2.0) will include the creation of 7 new IT positions and continued funding for 8.0 positions previously approved. SOS states that \$2.449 million in project costs will be funded with existing resources for a total project cost of \$15.982 million.

**Staff Recommendation.** Approve as budgeted.

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**Issue 12: CAL-ACCESS Replacement System (CARS)**

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**Request.** The Governor’s budget requests, for the SOS, \$15.065 million General Fund in 2025-26 to support the CARS Project and replace the CAL-ACCESS system for electronic reporting of campaign finance and lobbying activities mandated by the Political Reform Act (SB 84 and SB 1349).

**Background.** CAL-ACCESS is the state’s current campaign and lobbying information system where candidates, political committees, and lobbyists file detailed financial disclosures. The CAL-ACCESS system has been in existence for approximately 23 years and is running on an unsupported technology platform. Chapter 845, Statutes of 2016 (SB 1349, Hertzberg) required the development of an automated campaign and lobbying reporting and disclosure system to replace CAL-ACCESS.

The Administration states that the current CAL-ACCESS system is critical, and exists currently as a conglomeration of component applications that were developed at different times using now-obsolete coding languages, platforms, and technologies. To address these shortcomings, SB 1349 established new functional requirements for the system. The Administration suggests that program business operations are negatively affected by lack of data integrity and are at risk due to the old, unsupported information technology platform and that The Political Reform Division and stakeholders have limited information access and reporting capabilities.

The Administration published a list of factors, including the below, which they state make replacing CAL-ACCESS imperative:

- Program business operations are negatively affected by lack of data integrity.
- Program business operations are at risk due to an old, unsupported technology platform, which may lead to outages and downtime of the legacy system.
- The SOS and the legislature have prioritized improving and expanding campaign finance and lobbying activity transparency.

The Administration suggests that the SOS is on track to improve service to the public by replacing CAL-ACCESS with a modern and flexible architecture through the CARS Project. The CARS Project has completed all stages of the California Department of Technology Project Approval Lifecycle planning process which includes market research, alternatives analysis, schedule and requirements development, initial project management plans, execution of ancillary support contracts, and solicitation and award of the prime vendor.

The Administration estimates total costs of \$20.454 million for 2025-26 to support the CARS Project—\$5.389 million of which has been authorized by previously appropriated ongoing funding. The additional \$15.065 million General Fund is requested here to cover the estimated remaining costs. The funding requested here is intended to support the second year of project execution for 33 previously approved positions, contracted services including the prime vendor, CDT project oversight services, and technology cost.

**Staff Recommendation.** Approve as budgeted.

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Issue 13: California Voter's Choice Act Taskforce (SB 1450)
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**Request.** The Governor's budget requests, for the SOS, \$244,000 General Fund and \$426,000 Business Fees Fund in 2025-26 and \$238,000 General Fund and \$417,000 Business Fees Fund in 2026-27 and annually thereafter to implement and administer the provisions of Chapter 480, Statutes of 2024 (SB 1450), which reestablishes the California Voter's Choice Act Taskforce.

**Background.** The Voter's Choice Act (VCA) was enacted in 2016 to modernize California's election system by providing counties with the flexibility to offer voters multiple participation options. The VCA allows voters in participating counties to return their ballots by mail, deposit them at ballot drop boxes, or cast their vote at any vote center within their county. This model enhances voter convenience by enabling individuals to choose how, when, and where they vote.

Currently, 29 of 58 California counties have transitioned to the VCA election model. The VCA counties include Alameda, Amador, Butte, Calaveras, El Dorado, Fresno, Humboldt, Kings, Los Angeles, Madera, Marin, Mariposa, Merced, Napa, Nevada, Orange, Placer, Riverside, Sacramento, San Benito, San Diego, San Mateo, Santa Clara, Santa Cruz, Sonoma, Stanislaus, Tuolumne, Ventura, and Yolo. Collectively, these counties are home to approximately 20.6 million eligible voters, with over 17 million registered voters.

SB 1450 reinstates the VCA Taskforce, introduces additional legislative reporting requirements, and modifies existing VCA statute provisions. Additional staff is needed to execute the tasks associated with the reinstatement of the Taskforce including selecting taskforce members developing membership applications, setting membership criteria, reviewing applications, making selections, preparing agendas, facilitating meetings, and managing various taskforce-related activities. Additionally, staff would create and maintain a new VCA Taskforce webpage, produce reports for the Legislature, revise existing toolkits, review and approve outreach and education plans, and draft regulations.

Currently, the VCA program is administered by three staff under the Office of Policy, Planning, and Implementation. The staff have key roles in managing the existing workload of providing support to the 29 VCA counties. Absent the additional staff resources, it would be impossible to meet the additional legislative requirements of SB 1450, potentially delaying the Taskforce's progress and reducing its ability to provide timely and actionable recommendations to the Legislature. Furthermore, the lack of resources could undermine public trust in the state's election administration by reducing transparency and responsiveness.

The Administration states that, to effectively implement SB 1450, the SOS requires three new staff positions (a staff services manager, and two government program analysts) dedicated to the reinstatement and ongoing management of the VCA Taskforce and oversight implementation of the VCA. These staff would perform the following functions:

- **Taskforce Administration:** Staff would be responsible for developing membership criteria, managing the application process, selecting members, and ensuring the composition of the Taskforce aligns with legislative intent.

- **Taskforce Operations:** Staff would support the logistical and operational aspects of the Taskforce, such as scheduling and facilitating meetings, preparing agendas, tracking action items, and maintaining meeting minutes.
- **Public Accountability and Transparency:** Staff would be responsible for critical tasks such as creating and maintaining a dedicated VCA Taskforce webpage and ensuring public access to key documents and updates on the Taskforce's work.
- **Reporting to the Legislature:** Staff would prepare detailed reports on Taskforce activities, findings, and recommendations, as required under SB 1450. These reports are vital for legislative oversight and transparency. Given the expansion of VCA counties from 5 to 29, the scope of the Taskforce's work has significantly increased. Staff would address this growing

The administration states that these three new positions would help to construct regulations to give counties guidance on how to comply with the new requirements and how to better comply with the existing law. The administration suggests that continued ambiguity exists in the current law, where counties are inconsistently constructing voter education plans and are inconsistent in their understanding of the current law pertaining to education and outreach requirements required by the VCA.

**Staff Recommendation.** Approve as budgeted.

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Issue 14: Department of Justice Legal Services Augmentation
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**Request.** The Governor’s budget requests, for the SOS, an augmentation of \$500,000 General Fund in 2025-26, and annually thereafter, for the payment of increased annual billings from the Department of Justice for legal services.

**Background.** The Department of Justice (DOJ) employs a cost recovery model of charging the SOS for assistance provided for caseload worked on behalf the SOS. According to the Administration, since 2015-16, the costs for this service have outpaced the available appropriation, some years by millions of dollars, despite incremental augmentations over the years. Litigation costs in particular have been a rising driver of legal overall legal costs.

The SOS requests a General Fund augmentation in the amount of \$500,000 in 2025-26 and ongoing to fund increased costs associated with legal services provided by the DOJ. This request is to increase the baseline funding to reduce the SOS’s reliance on the Budget Act provisional language to cover increasing costs. The request notes that in 2022-23 the SOS secured ongoing provisional language in the Budget Act that would allow for an augmentation necessary to cover the costs associated with legal services provided by the DOJ.

The Administration states that approval of this request will allow the SOS to cover the costs for annual billings from DOJ, which have become more expensive in recent years. To the extent the appropriation is insufficient in 2025-26 and ongoing, existing provisional language allows for this appropriation to be augmented for SOS to cover the costs for legal services, and the SOS believes that additional funds may be sought by this process, however the Administration states that additional funds received through this request will assist in reducing the number of and/or amount of provisional language requests submitted toward the end of any fiscal year for DOJ legal services and assist the Administration’s annual fiscal planning.

**Staff Recommendation.** Approve as budgeted.

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Issue 15: Voter Information Guide Resources
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**Request.** The Governor’s budget requests, for the SOS, a General Fund augmentation in the amount of \$4.534 million in 2025-26, and annually thereafter, to fund increased costs associated with the publication and distribution of Voter Registration Cards (VRCs), Voter Notification Cards (VNCs), and the state Voter Information Guide (VIG) for each statewide election.

**Background.** The State of California, with over 22 million voters, has the largest number of registered voters statewide in the nation. Pursuant to Government Code section 12172.5 and Elections Code section 10, the SOS is the chief elections officer of the State of California and has the duty of maintaining and administering provisions of the Elections Code, ensuring that state elections laws are enforced, promoting voter registration to eligible voters, and encouraging eligible voters to vote.

Pursuant to Election Code sections 9081-9096 and Government Code sections 80001-88007, the SOS is responsible for the printing and mailing of the state VIG to registered voter households prior to each statewide election. In addition to the VIG, pursuant to Elections Code section 2161, the SOS is required to print VRCs and supply these cards to county elections officials. Further, as part of the list maintenance efforts and pursuant to Elections Code sections 2156 and 2164, the SOS is also responsible for the printing and associated mailing costs of VNCs that are sent to registered voters by their county elections official. Elections Code section 2155 requires these voter notifications to be sent to voters upon the receipt of a properly executed affidavit of registration, or address correction notice, or letter. These VNCs serve as notification to the voter that their county elections office processed a completed affidavit of registration, processed a change to their registration due to an official notice that the voter has moved, or received a request to change to their political party preference. Each of these projects are funded under the SIE appropriation provided to the SOS.

The Secretary of State (SOS) receives baseline funding of \$10,615,000 to fund the election-related activities of parallel monitoring, printing and mailing of VIGs, VRCs, and VNCs and election night reporting. The State Administrative Manual requires printing services to be procured through the Department of General Services Office of State Printing (OSP), unless granted a waiver.

The cost for printing services is dependent on factors such as the enactment of election laws dictating the contents of the VIG or the number of ballot measures included which increase the number of pages required to be printed. Due to the aforementioned factors and timing of the receipt of the final invoicing for these printing services from OSP, the Administration contends that the SOS consistently finds itself at the end of a fiscal year submitting a request for augmentation in order to cover the costs. The augmentation has been historically provided through an Unanticipated Cost Funding Request.

In recent years, the Administration suggests that changes in the paper industry have created additional cost pressures for the SOS. According to the Administration and the OSP, recent paper industry consolidations along with supply chain disruptions caused by the COVID-19 pandemic, have resulted in significant impacts to the paper industry worldwide. These disruptions include

significant reductions in the capacity of domestic and international paper mills, and some mills have closed altogether. As mill production decreases and the availability of materials used by mills is reduced, demand has increased and resulted in higher prices, lack of available inventory, and uncertainty of availability and obtainability. The cost of raw materials, core paper commodities, and related materials such as pallets, ink, etc., have increased by 40 percent for the same quantity of product from the pre-pandemic prices. The OSP expects that costs will continue to increase, but moving forward, we should only expect to see a 3-to-4 percent increase per year.

Specifically, the Governor's budget requests that The SOS requests a general fund of \$4.534 million in 2025-26 and ongoing to fund increased costs associated with the publication and distribution of VRCs, VNCs, and the state VIG for each statewide election. This request is intended to increase the baseline allotment of Special Items of Expense (SIE) funding to avoid future funding deficiencies, reducing the SOS's reliance on an Unanticipated Cost Funding Request to cover increasing costs.

**Staff Recommendation.** Approve as budgeted.