



**KATIE HOBBS**  
SECRETARY OF STATE  
*State of Arizona*

It is strange to be submitting a budget request to a Governor who will not have the responsibility of finalizing a budget for Fiscal Year 2024, let alone for a department that I will not lead come January 2023. There is, however, a requirement that budget submissions be made to the Governor by September 1 of the year prior to the start of the new fiscal year, so here we are. The fact of the matter is that the important work of governing continues regardless of a change in administration, and while we will have a new Governor and a new Secretary of State at the time this budget goes into effect, these documents will play a role in the necessary transitions.

My FY2023 budget contained several election related requests, including funding for election year costs, public education, and appropriation of federal Help America Vote Act (better known as HAVA) funds. While the state appropriated enough monies to cover the statutory obligations of the office in an election year, even honoring last minute requests to increase the funding to cover unavoidable increases in costs due to inflation and an unusually large publicity pamphlet, the requests for voter education funding and certain HAVA appropriations were ignored. The legislature actually cut the office off from access to HAVA funds in the election year and failed to appropriate new, 2022 HAVA funds that the office received from Congress. My FY2024 request suggests that the state repeal the law that requires that HAVA funds be appropriated before they are used by the SOS. The Secretary of State's Office should have the authority to spend or allocate to the counties these desperately needed resources provided by the federal government for the administration of elections. Additionally, I refuse to undercut critical functions of the Elections Division or reduce funding for our elections infrastructure or security due to petty partisan politics and that may mean that the state will need to provide supplemental funding in FY2023 to cover items that would have normally been paid for by the HAVA grant.

My FY2023 budget also requested funds for the Address Confidentiality Program and this request was also ignored. We asked that the state consider replacing the funding source, which is made up of court fines and fees, due to the instability of that funding and extensive research that shows, in cases involving domestic violence, that it is often victims and family members that end up bearing the burden of paying those fees. In FY2024 I am making that request again and seeking additional funding because the court fines are not keeping up with the growing costs of or the increased participation in the program and grant revenues that the program heavily relies on are projected to decrease.

Also, in our FY2023 budget, there was a funding request for a feasibility study focused on the creation of a robust, statewide digital records retention program, a program that does not currently exist, which is an issue that threatens our commitment to transparency and access to government documents in the future. The legislature made \$300,000 available for this purpose, significantly less than the \$1,000,000 requested, but we are moving forward with initiating this important work. We don't have a request for funding in the FY2024 budget related to this project, but the next administration may need to request additional funding to be put towards the study, with future budget requests including funding needed to implement any recommendations.

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Finally, my FY2023 budget argued that it was well past time for state employees to receive a pay raise. Our staff are professional, dedicated public servants and deserve to be compensated for the important work that they do for the state of Arizona. My administration has made addressing pay equity and fair compensation a high priority for our human resources management, and we had made significant advancements in this area without any appropriations for pay raises from the state. Unfortunately, historic inflation, coupled with the state not providing funding for salaries, caused a major setback in our work and it became incredibly challenging to do what we knew was necessary to adequately address the lack of competitive pay at the state level. I am thrilled that the final budget negotiated included a 10% pay increase for our staff. It is a start, and it has been greatly appreciated by the hardworking members of this agency.

Believe it or not, this next budget must include funding for the next Presidential Preference Election (PPE), which will take place in March 2024. In FY2020, counties spent over \$6.3 million dollars administering that election! This budget requests \$7,645,000 for the SOS to carry out statutory obligations related to the 2024 PPE and reimburse the counties for their costs. This is approximately 20% above actual costs in 2020, to account for inflation. Barring any changes in legislation regarding the administration or who is responsible for covering the cost of this election, this appropriation will be needed so that it can be appropriately administered.

Lastly, this budget includes a request for funding to support the Arizona Talking Book Library. In FY2010 this small, but critical program for the people it serves, was fortunate to receive a significant one-time, donation. Similar to the limitations of the Address Confidentiality Program, the items being funded using the donations include core services that need to be funded by the general fund rather than being dependent on donations or grant funding that is intended for special projects. It is a very small amount of funding and should be easily covered by the general fund.

In this, my final budget submission as Secretary of State, I want to acknowledge the effort of my administration, for the tremendous work they did over four years here. The budget and administration of the department were in disarray when I was sworn in, and it has been a tremendous amount of work to not only get the agency back on track, but to a strong fiscal position that puts the next Secretary on solid footing from their start. The hard work of our administration, Division Directors, and budget analysts has been remarkable, and I applaud them for their dedicated service to the people of Arizona.

Thank you,

A handwritten signature in blue ink, appearing to be "KH", followed by a long horizontal line extending to the right.

Katie Hobbs

Arizona Secretary of State

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