



March 27, 2025

**To: Hon. Andrew Perchlik, Chair
Senate Committee on Appropriations**

**From: Sarah Copeland Hanzas, Secretary of State
S. Lauren Hibbert, Deputy Secretary of State**

Re: Secretary of State Budget Overview

Dear Committee,

Thank you for inviting us to testify today about the Secretary of State's FY26 Budget. We look forward to working with you on the Secretary of State's budget this legislative session.

SOS Budget Considerations:

- We anticipate and are preparing for rising costs at the Secretary of State – primary drivers are inflation, federal funding changes, staff salaries, health care, and IT.
- We need to maintain revenue in our SOS Service Fund 21928. We need to do this because:
 - This fund is based on business services revenue; we have to be very cautious about expectations of increased revenue at this time
 - We are building 4 critical IT systems. In 2023, when the Secretary took office, it was clear that all of these four systems were overdue for replacement and were at a critical aging stage.
 - Our civics program needs to continue to grow.
 - Safe at Home expansion requires outreach and investment.
- Election funding
 - We are concerned about our federal elections funds with the new administration. Currently, federal funds constitute 60% of our elections division budget.
 - In election years, we ask for a General Fund appropriation (approx. \$500K) to support election work. Depending on the federal landscape, this may need to be higher for FY27.
- Study and conserve the OPR fund
 - This fund is running at a deficit. It has run at a deficit for several budget cycles. There are issues with the funding model:
 - Professions funding themselves
 - Siloed funds within the funds
 - Compacts decreased revenue
 - Increased complexity (telehealth, Covid, and multiple pathways)
 - We submitted a money study report for the legislature to review
 - OPR has moved to positive reporting

- Recommending an additional two-year study to understand solutions to this issue better.

SOS Budget Objectives for FY26

- 1) Vermont Access Network: 1.35M from the General Fund (Plan for structured increases over the next Fiscal Years: FY27 (1.8M), FY28 (2M). This is a critical support to communities and democracy.
- 2) Creation of Positions:
 - a. Paralegal – The SOS fund covers this expense. We do need the position created. This is not currently in a bill. We need this position created in the “Big Bill”
 - b. Executive Officer for Mental Health – The OPR fund does not cover this expense. We are asking for General Fund monies (170K) for one year. This position is the recommendation of a 2-year mental health study conducted by OPR. This recommendation was received after we submitted our FY26 Budget to the Administration. This position is created in the OPR bill (H.472).
 - c. Early Childhood Educators – Executive Officer and Staff Attorney. These positions are being added in S.119.
- 3) Voter Guide: Our goal is to mail a paper voter guide to every household in Vermont for the 2026 election. This will cost approximately 1.5 M. We ask for a General Fund allocation to support this work.
- 4) Two New Professions at OPR:
 - a. Doulas (S.53): We are asking for a General Fund allocation of 25K for IT setup, rulemaking, and stakeholder engagement.
 - b. Early Childhood Educators (S.119):
 - i. General Fund Asks:
 1. 45K – IT setup, rulemaking, stakeholder engagement, establishment of the Board
 2. 262K – 2 positions (Executive Officer & Staff Attorney)
 - ii. Childcare Tax Fund:
 1. 1.3 M to support licensure fees for the first 2 cycles.

Overview of Our Work

The Secretary of State has five major divisions:

- **Administrative Services:** Ensuring that our office runs efficiently and cohesively.
- **Business Services Division:** Providing the business community and public with easy access to information about business registration and doing business in Vermont
- **Elections Division:** Preserving the integrity of campaigns, voter registration, and elections
- **Office of Professional Regulation (OPR):** Protecting the public through streamlined, focused regulation of licensed professionals to prevent unethical, incompetent, or unprofessional practitioners

- **Vermont State Archives and Records Administration (VSARA):** Protecting, preserving, providing, and promoting Vermont public records

We also run a few minor but critical programs:

- **Civics Education and Outreach Program:** New in 2023, the office is focused on civics and participatory democracy. This includes the first-ever Civic Health Index, a voter guide for the 2024 general election, published resources for educators teaching civics in schools, and a robust intern program educating and registering voters.
- **Municipal & Government Transparency:** Promoting and strengthening positive state-local interactions by providing information, assistance, and educational materials related to municipal and open government laws through Municipal Programs
- **Safe at Home:** Providing individuals experiencing domestic violence, stalking, or human trafficking along with providers and patients of legally protected health care an address confidentiality program.
- **Temporary Officials:** Facilitates Vermonters, and fair number of people from out of state, to be married in Vermont, by the person who will be most meaningful to them.

Our Funding Sources

Our office is funded with two special funds and federal funds.

State Special Funds:

- Fund 21928 – SOS Service Fund: Currently is running a close to anticipated spending
 - Revenue composed primarily of Business Services revenues
 - Expenses cover all operations Business Services, (non-grant) Elections, VSARA, and Administrative, IT, and Executive divisions
- Fund 21150 – OPR Special Fund: Currently is running at deficit
 - Revenue composed primarily of OPR licensing revenue
 - Expenses cover all operations for OPR as well as task-specific work reported by other divisions

Federal Funds

- Fund 22025 – Help America Vote Act (HAVA) administered through Election Assistance Commission
 - Original grant amount was \$12.9M initiated in 2003 and continued until 2014. This grant has been superseded by the HAVA Security grant
 - Grant funds support activities that improve the administration of federal elections
 - Grant principal and interest have been spent as of December 2024 and is currently in a close-out phase
- Fund 22065 - Help America Vote Act (HAVA) administered through Election Assistance Commission
 - Original grant amount is currently \$9M (\$3M: 2018, 2020 and \$1M: 2022,2023,2024)
 - Grant funds are designated to improve the administration of elections for federal office by enhancing technology and making certain security improvements

- Approximately \$6M remaining in grant principal and interest and match has been met
- Fund 22005 – Miscellaneous Federal Funds
 - Department of Defense Electronic Absentee Systems for Elections Grant of \$645,656 (has been spent in full and not expected to renew) to provide Uniformed and Overseas Citizens Absentee Voting Accessibility
 - National Historic Publications and Records Commission for VSARA of approximately \$40,000 annually to extend the Vermont Historical Records Program's impacts
 - Appraisal Subcommittee for OPR of \$360,000 to complete a template configurator to generate custom reporting and strengthen the regulatory framework for real estate appraisers
 - National Council of State Boards of Nursing (NCSBN) grant for Nursing updates in NGLP (OPR IT system) for \$86,200