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Madam Chair and honorable members of the Joint Budget Committee. Thank you for your time and attention today.

## **I. Introduction: The Secretary of State is focused on customer service**

My remarks today will focus on our number one priority in the Secretary of State's office—customer service. Providing top-notch customer service is the driving force across all our department's divisions.

Our Information Technology Division employs industry best practices to maintain round-the-clock public access to our vast databases. We maintain the statewide voter registration database and provide support services to our county election officials. And we aggressively utilize technology to become more efficient and save money.

In our Business and Licensing Division, great customer service means being a national leader in keeping business costs low and 24/7 online accessibility. It means providing more responsive and knowledgeable answers to our customers' questions. And it means providing new services that help make Colorado a more business friendly state.

In our Elections Division, great customer service means helping Coloradans register to vote or run for office and helping our county election officials save money in conducting elections. It means improving the integrity of our election system and it means fostering participation in our political process.

My presentation will walk you through the activities of each of our divisions. Afterwards, I will explain how we are implementing the strategic planning process and frankly describe the additional work we have before us.

## **II. Information Technology Division performance objectives**

### **A. Our IT services are improving the customer experience**

1. We are creating a website built on industry best practices for usability.

Our website contains thousands of pages and millions of records in public databases. When I entered office, I commissioned a study by the industry leader in evaluating website

usability. At the same time, we have ramped up use of surveys and user groups. We are in the middle of an extensive overhaul based on this information. Just last week, a study by William and Mary rated ours the best Secretary of State web site for elections in the country. And also last week we started a new round of usability testing. Those results look very good so far.

The bottom line is this: hundreds of thousands of people use the Secretary of State's web site. It is a top priority to enable people to find the information they need, quickly.

2. We engage in extensive outreach to keep the public informed about important issues affecting them.

This year, a scam letter went out asking Colorado businesses to send \$225 in order to renew their business registrations, even though the fee is only \$10. Within 12 hours, we were able to reach almost 300,000 customers by email and warn them not to fall for this scam.

This episode taught us the need to be able to reach our customers. Customers can sign up for email updates on the topics they are concerned about. For example, 89% of our active businesses have given us email addresses, so we can combat business identity theft by notifying them of record changes. Greater use of updates allows us to reach our customers directly with important information.

3. We have expanded our online survey capabilities to obtain feedback and make improvements.

With dozens of applications on our website and scores of services, we seek constant feedback from our customers. If you use our services, we want to know what you thought about the experience. We use surveys to help guide us in nearly every improvement we make.

4. Customer Relationship Management will improve service and save money.

Currently, my office has five call centers. In general, I believe that we provide excellent customer service, but there are two challenges. First, we are not good at measuring exactly how well we do. Second, as more services go online, demand for help desk personnel increases. We seek authorization to roll out proven Customer Relationship Management software. This will help us better understand the customer experience, and it will allow us to handle increased call volume with the same number of people. It is proven technology in the private sector and long overdue at the state.

5. We will provide better and more convenient training online.

Advances in e-learning capabilities allow for greater dissemination of knowledge with greater convenience. My office already conducts training for the public in a variety of areas, ranging from elections to notary public licensing. For that reason, we are currently implementing a pilot project for a more robust e-learning platform, to help both the public and our internal operations. This will save money and offer greater convenience for everyone, regardless of where they live in Colorado – or the world.

**B. We are saving money through IT efficiencies**

1. We have already saved hundreds of thousands a year by restructuring some maintenance and hosting operations.

SCORE, the statewide voter registration database, was built in 2008 with federal dollars. This year we brought a team of programmers in-house, which has saved about \$600,000 per year, while increasing our flexibility. For example, we've made software upgrades to assist counties in meeting their tight deadlines for drawing new precinct maps after redistricting and reapportionment.

Our office operates a sophisticated data center, so it made sense to merge our campaign finance reporting database with our other hosting services. This shift will save about \$30,000 per year.

2. New equipment has reduced our maintenance costs.

It was necessary for our office to update equipment, which has substantially reduced our maintenance costs and energy usage costs. And we're following best practices in getting the most out of each piece of equipment in order to run lean and efficient.

**C. We employ industry best practices for IT services**

1. My office is building a back-up connection for Election Day.

During the 2010 election, the state network went down just before the polls closed preventing access to the SCORE system, which forced some voters to vote provisionally and substantially delayed results for many counties. We are already implementing redundant connections to avoid any mission-critical failures on Election Day. In short, we will have safeguards in place so the integrity of our system remains intact.

2. Safeguarding our system's security is a top priority.

As we move to real-time, online systems, maintaining a 24-hour presence is key to our filers and our customers. Our office is subjected to millions of internet-based attacks per year. My IT staff reviewed the recent audit from the state and though we performed well, there was room for improvement. We've made strides to remedy the few deficiencies and continue to work closely with the state's Chief Information Security Officer and the Governor's Office of Information Technology to ensure we can continue to provide high quality, secure access to our systems.

### **III. Business and Licensing Division performance objectives**

We've built upon our IT initiatives to provide relentless customer service to our Business and Licensing Division customers. My office has implemented some key strategies and innovations aimed at generating efficiencies for our customers and lowering business fees at the same time, all while maintaining top-notch customer service.

#### **A. Colorado keeps costs low for businesses.**

##### **1. Colorado's business fees are among the lowest nationwide.**

My office prides itself on maintaining some of the lowest business filing fees in the country. Every four months or so, we compare Colorado's 95 separate fees against other states. Though there are some differences between states' business incorporations, two thirds of our filing fees are in the lowest five, one third in the lowest three, and Colorado probably has the second lowest fees in the nation overall. This year, we reduced five separate fees – one because we moved more services online and four other fees to help Colorado businesses and nonprofits.

##### **2. New customer service technologies keep costs low.**

Since merging our Business and Licensing divisions, we've consolidated two call centers, and we are seeking to expand our call center capabilities by rolling out proven Customer Relationship Management software technology.

Moving services online helps Colorado's businesses and it helps us internally. At the same time, however, we've found that call center traffic increases. The new Customer Relationship Management initiative will enable us to handle more call center traffic more efficiently, thus enabling us to grow our capabilities and minimize office personnel costs.

##### **3. Our office is engaged in major process reengineering to identify cost savings.**

In order to promote greater efficiencies both internally and externally, we are currently training staff in process mapping and re-engineering based on LEAN/Six Sigma methodology. We are currently working on six internal projects, ranging from human resources to collecting campaign finance fines. Already, we've found redundancies and efficiencies. In fact, I expect this initiative in our office to produce huge results across all of our operational units.

**B. The Secretary of State is continually offering new online services.**

As Colorado's Gateway to Business, I want to make a strong first impression as the economy rebounds and businesses look to Colorado. We can promote our business friendly environment through our online services.

1. The Secretary of State is helping create one-stop-shopping for new businesses.

As Coloradans or out-of-state companies look to start their own businesses here, we hope they find the Colorado Business Express a useful tool. I'm proud to collaborate with the Governor's office and other state agencies as we further develop this important application. As we move to a one-stop-shop for business start-ups, I think it sends a strong message to the rest of the country that we mean business.

2. Out-of-state companies can now register online in Colorado.

Late this past summer, we transitioned one of our last paper filings entirely online. These filings were for out-of-state businesses looking to register in Colorado. This move also allowed us to reduce the fee that was once \$160, required internal paper processing, and resulted in wasted time and effort due to a high rejection rate. Since lowering the fee and moving online, we've seen a greater acceptance rate for filings in this category.

3. Soon, all secured transaction filings will be online.

We have another initiative known as Darwin that I hope to roll out the middle of next year. The project will streamline online filings for secured transactions. This effort was in desperate need of some better project management. The office began working on Darwin in 2004 and has been on our customer's wish lists ever since. The project aims to streamline both internal and external processes and I'm excited to bring this long-awaited enhancement to the business community.

4. All notary public applications will soon be online.

My office is also pursuing another online enhancement for our notaries public. Currently, notary public applicants apply and pay their fee online. But the process still requires a paper component, such as an ink signature. We've identified 5,000 online notary public applications where we're still waiting for the paperwork. We're looking to implement a faster process where all documents can be submitted electronically, making the process easier for our customers and our staff.

5. My office has consolidated and expanded Spanish-language resources.

As many of you know, my office also offers services to our Spanish-speaking community. Earlier this year, we created a Spanish-language clearinghouse page for all of our Spanish language options. The previous system did not work well, because it required Spanish speakers to first click through numerous English-only pages. We've rewritten many of the materials, and I've assembled an advisory group to suggest recommendations and outreach strategies. This will foster participation and help safeguard our customers from scammers.

**C. We have plans to offer new, innovative products that will help Colorado businesses.**

1. Colorado is the nation's leader in combating business identity theft.

As you remember from last session, we'll soon allow business owners and registered agents to password protect their business filing records. Colorado leads the nation in safeguarding its businesses from business identity theft and our residents have been incredibly receptive and cooperative in these efforts. We started 2011 with 273,000 subscribers to email notices alerting customers to changes to their business records. I'm happy to say that number has ballooned to 574,000 as of last week, more than double. We are making bold strides toward ensuring that business assets are protected and available for owners and executives to grow. Between the email notifications and the password protection Colorado clearly is a hard target for identity thieves.

2. A new business efficiency suite will save businesses time and money.

There are many new products our office can offer to help business. First and foremost, we want to allow our customers to consolidate their business filings and choose a filing date that fits their schedules. We have many filers with multiple LLC's or partnerships and this initiative could save them time and resources. But these new services require permission from the General Assembly to deploy our resources to develop new products. I'm calling this my Business Efficiency Suite that I will introduce this legislative session so we can begin the necessary programming.

3. Improved judicial training in commercial litigation will help Colorado businesses.

Also this session, I will again be pursuing a judicial training bill, which allows my office to work with the courts to help fund a robust commercial litigation training program. In particular, I want to thank Rep. Levy for her work with Rep. Waller last session to help pass this bi-partisan bill out of the House. It sounds as though we simply ran out of time in the Senate last session, so we'll introduce that bill early this coming session and I hope I can count on your support.

4. The office is partnering with the University of Colorado to provide economic indicators based on aggregate business filings.

These streamlining initiatives coupled with some of the country's lowest business filing fees signal that Colorado is open for business. But more information for businesses can help them make better decisions. As a result, we are partnering with CU to use our business formation data to develop business economic indicators. This will help businesses and policy-makers better gauge the health of our economy and provide business leaders with information to make informed capital investment decisions.

#### **IV. Election Division performance objectives**

Moving now to my Elections Division, I've also been focused on cost savings, improving the integrity of our system and fostering participation in our political process.

I've been touring the state and visiting with our county clerks individually. I have the utmost respect for them, their duties and their offices. I agree that running elections is tough work and the criticism isn't always fair.

##### **A. We are working to reverse spiraling election costs.**

1. The office is extending its federal funds to maintain a statewide voter database.

Over the past decade, Colorado and the nation have witnessed incredible changes in elections. Following HAVA – the Help America Vote Act – in 2002, Colorado implemented its statewide voter registration system and counties purchased fleets of accessible voting equipment. But our HAVA funding is nearly gone, and without backfilling those funds Colorado will no longer have a statewide voter database, and we will be in violation of federal law. As noted

earlier, we have reduced our SCORE expenses by about \$600,000 annually. Now, we need to backfill the diminishing federal funding dollars by financing the SCORE system out of state funds. We have the funds to do this, as you will see in our budget proposal

2. We are developing a statewide solution for voting systems, in concert with stakeholders statewide.

The number of voting systems among counties makes administering an election extremely complex and unnecessarily costly. In addition, the voting equipment purchased by counties shortly after HAVA will soon reach the end of its lifespan. This year, I've been working with the counties to identify a path forward to begin the process for counties to purchase new or supplemental equipment. We've been working closely with national experts and looking at other states' experiences for ways to efficiently deploy certified election equipment statewide.

Currently we are looking to transition Colorado into a uniform voting system. This will increase state purchasing power and will significantly reduce lifecycle costs. We are working with clerks and recorders on a solution, and I hope to work with the legislature to introduce legislation this year to outline a path forward.

3. County cost savings will help free up resources for election budgets.

I've heard loud and clear that county election costs are growing while revenues stagnate or decline. My aim is to save money for county election budgets and implement efficiencies to help relieve some of the financial burden on county taxpayers. I'm partnering with the clerks and legislators to implement an elections cost savings package.

**B. Improved election system integrity will lead to voter confidence.**

1. We have proposed a solution to provide clear guidance for public access to ballots.

Certainly free and fair elections begin with preserving the integrity of our system. We've learned some valuable lessons from last year's elections in Saguache County. We know that transparency in the elections process inspires voters, while shortcuts and turning a blind eye rock voter confidence. To meet the transparency voters expect and implement the Colorado Open Records Act for voted ballots, I'm working collaboratively with the county clerks, the press association and others. The goal is to open ballots for public view, while never compromising voter anonymity. We currently have a framework in place, which may result in new proposed legislation.



2. Better risk limiting audits will improve voter confidence.

Risk limiting audits will improve voter confidence. To accomplish this, my office obtained a federal grant and has retained leading national experts in risk limiting audits. My staff is working closely with a work-group of clerks and county staffers to implement a refined risk limiting audit of election results. We're looking within and outside Colorado to identify and consolidate best practices to give voters the peace of mind they're looking for.

3. Joining the Pew Project will improve the integrity of our rolls and foster participation.

I'm also excited to announce a partnership with the Pew Center on the States to improve the integrity of our voter rolls. This new system should be available next year and will allow cross-state data sharing so our county clerks can quickly and clearly maintain the accuracy of our records. As part of this project, my office will be conducting the state's largest ever voter registration drive to help clean up our rolls and reach out to those people who are not registered to vote, which includes almost one million Colorado citizens.

**C. Better experiences with government will lead to greater civic participation.**

1. Campaign finance filings should promote engagement, not hinder it.

When we improve the integrity of our elections, we can inspire civic engagement. This week, you'll likely hear quite a bit about my office's efforts to clarify and improve campaign finance reporting. I think you'll agree our campaign finance laws and reporting structure are complex. In fact, the laws and fines fall most heavily on grass-roots groups.

Our office analyzed all campaign fines for last election cycle. Large independent groups made up about a quarter of all spending, but paid less than 1% in fines. Add in large issue committees, and the two groups made up 52% of the money spent and raised in Colorado, but only about 10% of the fines. Smaller groups and campaigns make up the remaining 48% of spending, and pay 90% of the fines.

2. We need to provide clear campaign finance guidance for Colorado filers.

Over and over I hear about the complexity of Colorado campaign finance laws, and the fear people have that they will make an error and violate the law. Coloradans deserve clear guidance on the rules, which I believe will help inspire civic engagement. Several months ago, we revised the campaign finance waiver guidelines. For the first time, those guidelines are public, and they treat everyone equally. I'm pleased to say that we have already processed over

200 waiver requests, and we see more consistency and fairness in the waiver process than ever before.

On Thursday, I'll be hosting a rulemaking hearing to revisit and clarify our campaign finance regulations. This will be the first full-scale rewrite since Amendment 27 passed in 2002. We've learned many lessons enforcing these laws, and these rules seek to clarify our process wherever possible. I encourage people to attend that hearing and make their opinions known, so we can have the best system possible under Colorado law.

3. We have substantially improved the online campaign finance filing system.

In keeping with our goal to improve customer usability, we added user enhancements to make the system more intuitive along with reminders and messages to help prevent late filings. We've also expanded the "Help" functions to provide clarity and guidance on the filings. I've heard many compliments about the improvements and hope we can stave off fines resulting from mistakes and make it easier for users to comply with campaign finance disclosure requirements.

4. We are making voting more accessible for military and overseas voters.

We've heard that mail overseas is somewhat unpredictable and a fax machine is tougher and tougher to find. I personally experienced this when I served overseas in the Army. My office is working with Rep. Loper to deploy an online ballot delivery system that balances ease of use with the security and safeguards our voters deserve. The technology is well-tested and proven, and we can deploy this statewide in time for the 2012 election.

5. I'm engaging high school students through my Student Ambassador Program.

We continue to see 18-24 year olds among the lowest turnout percentage. We need to help explain how our process works and invite them to participate. I will soon be rolling out my Student Ambassador program aimed at high school juniors and seniors. After an online training, these students will act as the subject matter experts in their high schools about voter registration and recruiting fellow students to serve as election judges. I hope to inspire a new wave of young voters with the tools to inform their peers about our electoral process.

## **V. Preparing Colorado's Secretary of State's office for the future.**

As you've heard, we've had a busy year and we still have much to accomplish. You have the most recent version of our strategic plan. Frankly, this document still needs a lot of work.

First, it does not contain five-year objectives. Second, it does not encompass all of the projects and plans I just described. Third, it is short on measurements and metrics.

**A. Our office needs to do a better job of measuring performance.**

There are many ways we can do a better job in measuring our current activities. For example, I continually receive anecdotal evidence of good customer service from my office. In ten months, I've heard only one complaint. And we take over 10,000 calls a month. Looking ahead, we need to measure this, and the Customer Relationship Management system is critical to this. We can begin to systematically analyze, categorize, and measure customer service calls and resolutions.

We can also identify measurable goals for our elections divisions. For example, we can look at past campaign finance late filing penalties and monitor how those penalties were affected by improvements and warnings in the TRACER system. If we move into the Pew project, we can begin to track its success to monitor how many new registrations may have been generated by a mailing, and how well we are maintaining voter rolls.

For the Business and Licensing Division, as we roll out our move to online notary applications, we can track the successful application rates and hopefully reduce our number of rejected applications.

**B. My office is committed to developing a robust strategic plan that will be a practical tool to measure this office's performance.**

I recognize my office's current shortcomings in our strategic planning. Both my staff and I are committed to fully utilizing the SMART act, and I appreciate this committee's efforts in helping us prepare for our presentations to our committees of reference. To that end, we are doing the following:

First, we have a major strategic planning workshop scheduled for next quarter. This will include outside consultants to help us implement leading-edge methods.

Second, my office has begun mapping and engineering our department's functions. We are already identifying additional opportunities and ways to measure progress.

Third, my office is in the process of developing measurable goals and metrics for every one of the activities or initiatives that I have described today. Ultimately, we need to integrate those metrics into an overall strategic vision.

We have a lot of work to do. But I believe that with the General Assembly's involvement, the Secretary of State's office will provide the nation's best customer service, the best products, and the best experience for citizens.

Thank you, and I'm happy to answer any questions you may have.