



SECRETARY OF STATE FY27 OPERATING BUDGET PRESENTATION

PRESENTED TO THE LEGISLATIVE FINANCE COMMITTEE



FY26 Highlights

- The Office successfully fulfilled its statutory and regulatory performance targets, with nearly all performance measures meeting or surpassing set targets.
- The Office continues to run successful elections in a highly charged political environment, combatting misinformation and threats to election systems, election administrators, candidates and public officials.
 - Expanded and built upon county clerk training program
 - FY26 includes the 2025 Regular Local Election in November 2025, the Municipal Officer Election in March 2026, and the 2026 Primary Election in June 2026
 - Managing ongoing enhancements to the **Campaign Finance Information System (CFIS)** and the **State Elections Registration and Voting Integrity System (SERVIS)**.
 - ▶ Successful implementation of automatic voter registration including a statewide public outreach advertising campaign, systemic enhancements to SERVIS, and ongoing collaboration with MVD
 - ▶ RFP process for new Campaign Finance System in early 2026 is underway based on partial funding received from legislature
 - ▶ Systemic enhancements for the implementation of semi-open primaries are also underway



FY26 Highlights

Through our Business Services Division the Office continued to efficiently file and maintain records vital to the interests of commerce, industry and government.

- Successful FY26 implementation of online business and commercial filing system
- Processing of business filing is currently same-day for customers
- Business filings through SOS generated \$3,382,584 in revenue to the General Fund in FY25 – \$493,598 generated so far in FY26



FY27 Budget Request Overview



Total Base Budget Request from the General Fund: **\$14,391,600**



Expansion Request (federal funding backfill): **\$615,245**
= **\$120,000** One (1) FTE, a STRM to PERM change, **300**
& **400-\$495,245** in critical security measures



\$22,497,800.00 Specials, Section 5 appropriation requests.



\$1,419,700 FY26 Supplemental

FY27 Initiatives



Implementing efficiencies for election administrators & Educating the public

Continuing to increase the accuracy of election funding projections through the MOU process with counties

Continue implementing recent legislatively approved initiatives, such as automated voter registration and semi-open primaries

Prioritizing outreach and civic education with particular emphasis on engaging young people and underserved communities



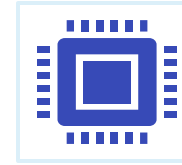
Upholding the integrity of New Mexico's electoral process.

Monitoring potential federal actions/initiatives that might impact elections

Actively engaged in multi-state litigation to counter unconstitutional mandates directed at election access and operations

Provide enhancements to our voter registration and campaign finance information systems

Deploy an essential election management tool for county clerks



Election Security

Addressing critical federal budget cuts that will directly and indirectly impact the security of elections, like the loss of HAVA funds

Strengthen election infrastructure security, including cybersecurity protections for voter data and voting systems.

Participate in multi-state data sharing programs to detect and prevent voter fraud and duplication.

Develop and routinely test a statewide election business continuity and disaster recovery plan.

Enhance physical security of polling places and election offices.



Business Services

Implement legislative appropriated mutli- factor identification to prevent fraudulent business filings

Update all rulemaking procedures for business entities using SOS rulemaking authority

Continue to improve and maintain the new online business and commercial filing system, which is now fully implemented and functional

Continue efforts to maintain same day business filing processing

Continue generating revenue for the General Fund



FY27 Operating Budget Highlights

- Continuing the shared goal of stabilizing the Office's budget
 - FY26 highlighted further adjustments needed between direct election expenses and costs that should fall into operating expenses
 - FY26 continues to highlight need to fully fund operating budget to support basic office services and systems
 - FY27 best represents what should be in the base operating budget and what should be supported by Election Fund pursuant to SB 108 (2024)
- Addressing critical federal budget cuts with our FY27 expansion request that will impact the security of elections because our Office can no longer rely on federal Help America Vote Act (HAVA) funding or election security services previously provided by federal agencies at no cost to our agency
- Expand the work of our Elections Outreach Program by making our Elections Outreach Coordinator into a Permanent position
- The FY27 request reflects the staffing and funding support necessary to ensure that the Office can perform all statutory requirements.

A New Election Funding Mechanism

Senate Bill 108

Amended 1-11-19 and created new 1-11-20 NMSA 1978 through Laws 2024, Ch. 24, § 2.

- *Removed all Direct Election Costs from the Office's Base Operating Budget.*
- *Replenishes up to \$15 Million directly to the fund on a reimbursement basis within ninety days of an Election Day starting with the 2024 General Election.*
- *Stabilizes future appropriation requests by promoting budget consistency and eliminating the year-to-year variability observed in the past.*

FY27 Request Overview

	2024-25 Opbud	2025-26 Opbud	----- FY 2027 Agency Request -----		
			Base	Expansion	Total
REVENUE					
111 General Fund Transfers	17,172.2	9,575.7	14,391.6	615.2	15,006.8
112 Other Transfers	0.0	0.0	0.0	0.0	0.0
120 Federal Revenues	856.3	1,369.3	780.0	0.0	780.0
130 Other Revenues	80.0	90.7	90.0	0.0	90.0
150 Fund Balance	0.0	0.0	0.0	0.0	0.0
REVENUE, TRANSFERS	18,108.5	11,035.7	15,261.6	615.2	15,876.8
REVENUE	18,108.5	11,035.7	15,261.6	615.2	15,876.8
EXPENSE					
200 Personal services and employee benefi	6,430.2	7,141.8	8,563.3	120.0	8,683.3
300 Contractual services	874.5	2,046.7	2,922.8	185.0	3,107.8
400 Other	10,803.8	1,847.2	3,775.5	310.2	4,085.7
EXPENDITURES	18,108.5	11,035.7	15,261.6	615.2	15,876.8
EXPENSE	18,108.5	11,035.7	15,261.6	615.2	15,876.8
FTE POSITIONS					
810 Permanent	65.00	65.00	68.00	0.00	68.00
830 Temporary	4.00	4.00	0.00	0.00	0.00
FTEs	69.00	69.00	68.00	0.00	68.00
FTE POSITIONS	69.00	69.00	68.00	0.00	68.00



Expansion Request – Replacement of Federal Funds

One (1) Additional
FTE

- Position: **Elections Outreach Coordinator**
- A reclassification of a current Term (STRM) position to a Permanent (PERM) FTE position due to an increased need for public education and outreach.
- Continuation of a federally funded initiative to increase elections outreach efforts across the state with a particular emphasis on civics education among youth in underserved areas in New Mexico.

Election
Security

- Increased risk of a cyber incident not being prevented and ability to respond to a cyber incident which may compromise SOS systems and our ability to administer elections.
- Unable to meet election security requirements as listed in NM administrative code

Section 5 Requests

Specials

Section 5 Requests

- **\$15,000,000** – *Infusion to the election fund to resolve negative cash balances prior to statewide elections. (SB108)*
- **\$560,000** – *Funding to complete modernization and improvement to statewide voter database and elections management system.*
- **\$6,426,800** – *Funding to complete implementation of tabulator replacement software*
- **\$216,000** – *Funding to complete implementation of an election logistics management system.*
- **\$200,000** – *Funding for website accessibility compliance with federal requirements and remediation of findings*
- **\$63,000** – *Replacement of Document and Database System*

Section 7 Requests

C2 Projects



\$2,500,000 – 2nd part of funding for Ethics e-File Campaign Finance System



\$1,024,000 - Statewide Election, Registration and Voter Information System (SERVIS) Modernization



\$828,700 - Voter Data Request and Purchase Portal



\$1,010,000 - Centralized Tax Lien Filings necessitated by passage of HB218 in 2025

Capital Outlay Projects Overview

Project	Cost
Tabulator Monitor Upgrades*	\$2.60 M
Electronic Voter Roster	\$1.00 M
Required IT Infrastructure**	\$2.47 M
Tablet kiosks	\$1.01 M
Total	\$7.08 M

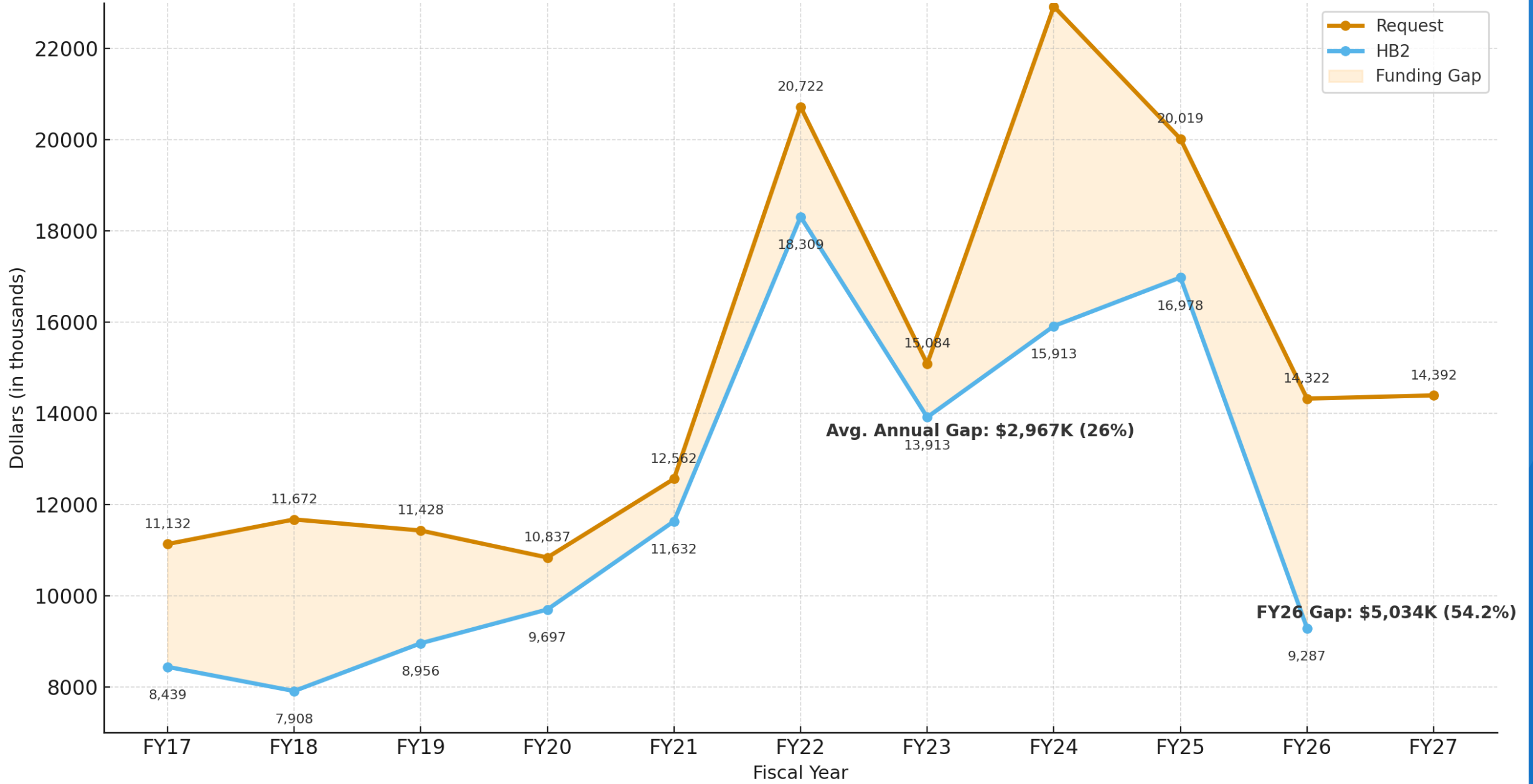
* Additional details provided on following slide.

** Based on currently known upgrades required to meet federal voting machine requirements.

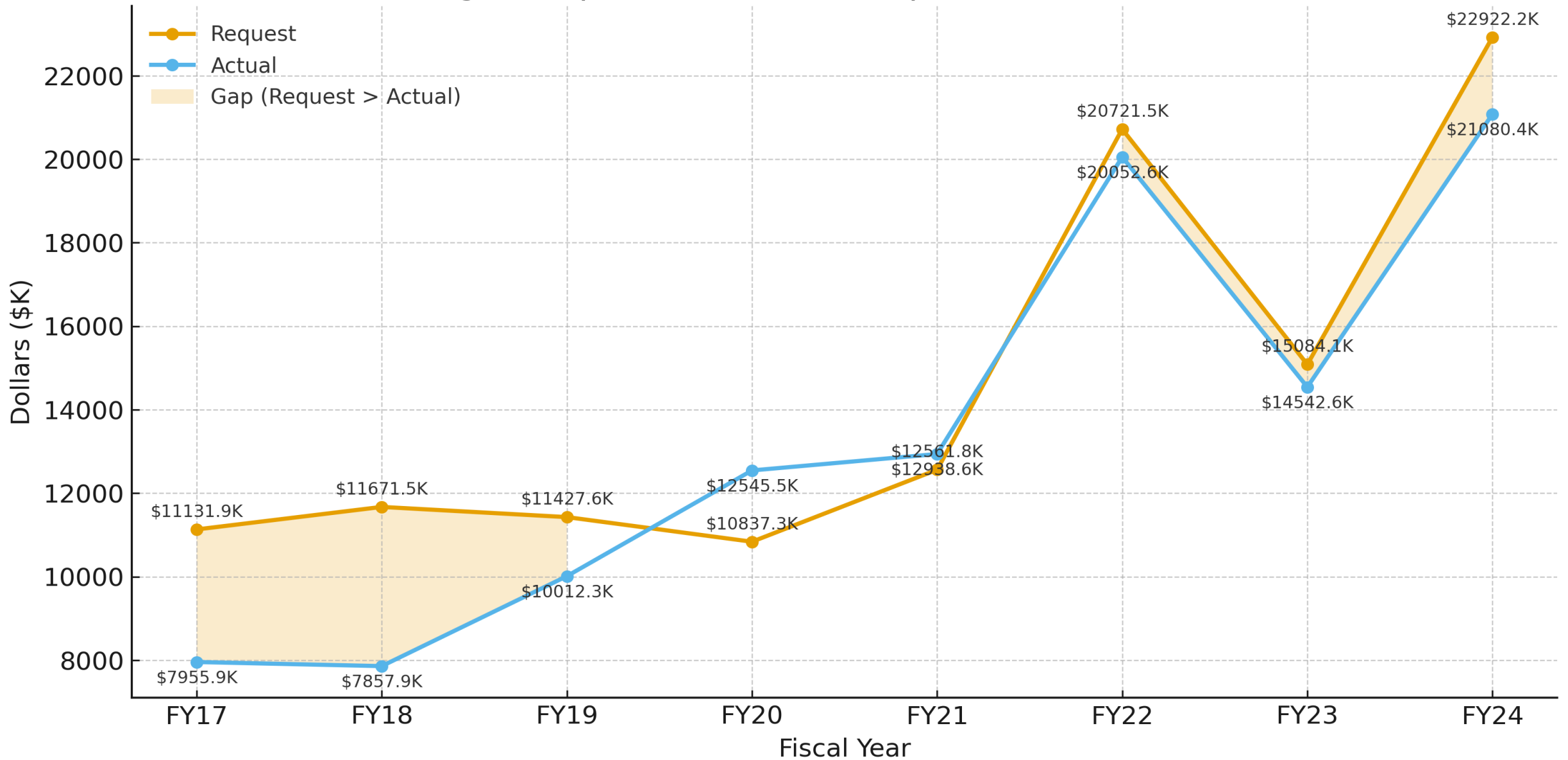
Capital Outlay Projects – Required IT Infrastructure

Estimate	Description
1,500,000	2018 hosting infrastructure purchase was \$825,000 + \$100,000 for a subsequently purchased node + \$575,000 for inflation and tariff premiums (approx. 6.25% per year)
500,000	Hard/Software (server clustering or similar) to meet business continuity and disaster recovery requirements for the SOS and Election Service Delivery
204,000	SQL Licensing for compliance, 74 Packs @ \$2,750 per pack
42,500	Battery backups (UPS) for networking closets
88,000	Replace half of staff computer equipment setups @ \$2,500 per staff member
7,000	Replace the four public kiosk computer setups @ \$1,800 each
7,000	Replace the four vendor jump boxes @ \$1,800 each
120,000	Security Division: Replace 65 laptops @ \$1,800 each (33 county, 5 Dominion, 3 ANG, 22 Go-Kit, 4 spares)
1,500	Security Division: USB drives to replace those that fail (10 drives @ \$150 each)
\$2,470,000	Total Required IT Infrastructure Needs

HB2 vs. Request (Grand Totals) - \$ in thousands



SOS Budget Requests vs. Actual Expenditures - \$ in thousands



Danger of Not Funding FY27 – Emergency Funding Reliance

The SOS has had to repeatedly turn to the New Mexico Board of Finance to sustain operations due to inadequate recurring funding:

- 2025:** \$386,400 to cover payroll obligations.
 - 2024:** \$240,000 to comply with PCI Security Standards and maintain payment card acceptance.
 - 2023:** \$1.4 million to reimburse counties for 2022 General Election costs.
- These requests represent **crisis management**, not strategic planning.
 - Relying on emergency interventions to meet **core statutory obligations**—like payroll and election reimbursements—poses operational, reputational, and fiscal risks.

Board of Finance Requests

May 2025

\$386,400 to Cover
Payroll Obligations

2024

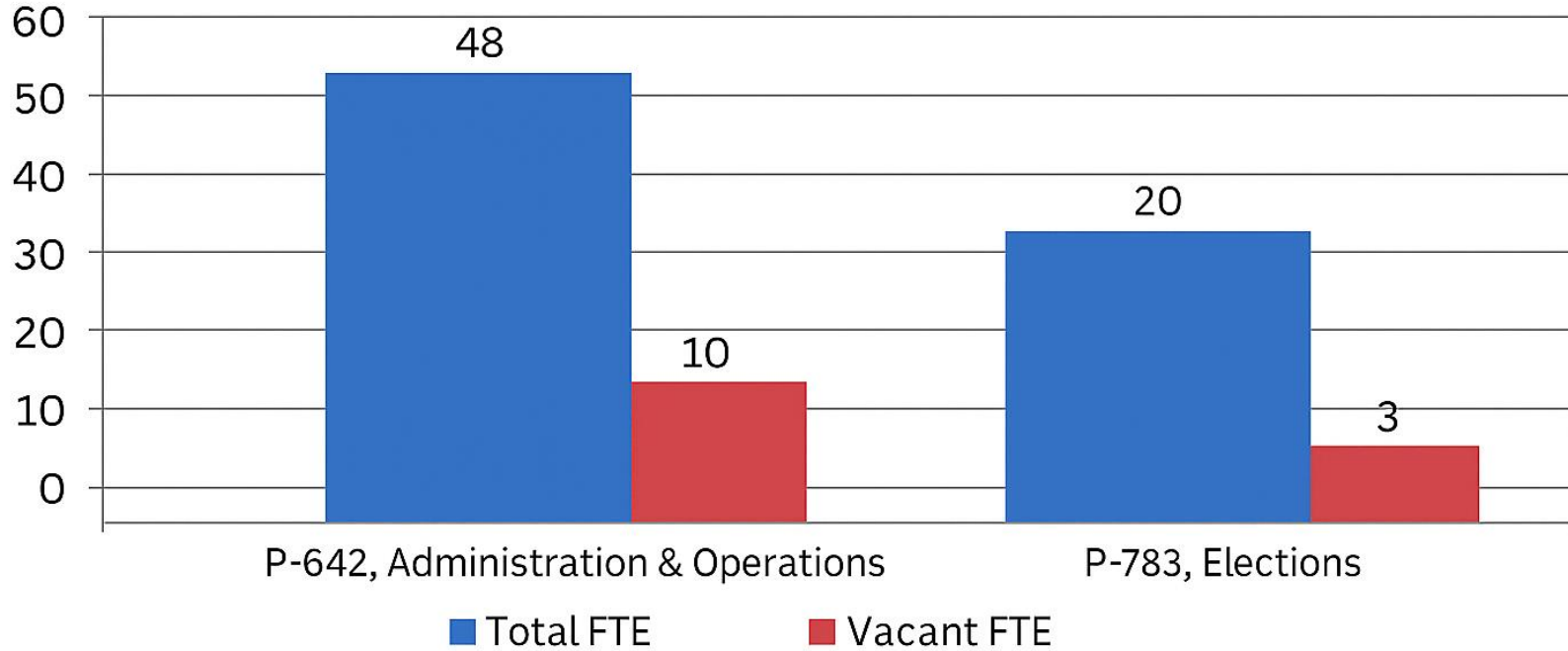
\$240,000 to Comply with
PCI Security Standards &
Continue Acceptance of
Payment Cards

2023

\$1.4M to Reimburse Counties
for 2022 General Election
Costs

Payroll and Vacancy Impact (FY27)

Staffing and vacancy snapshot



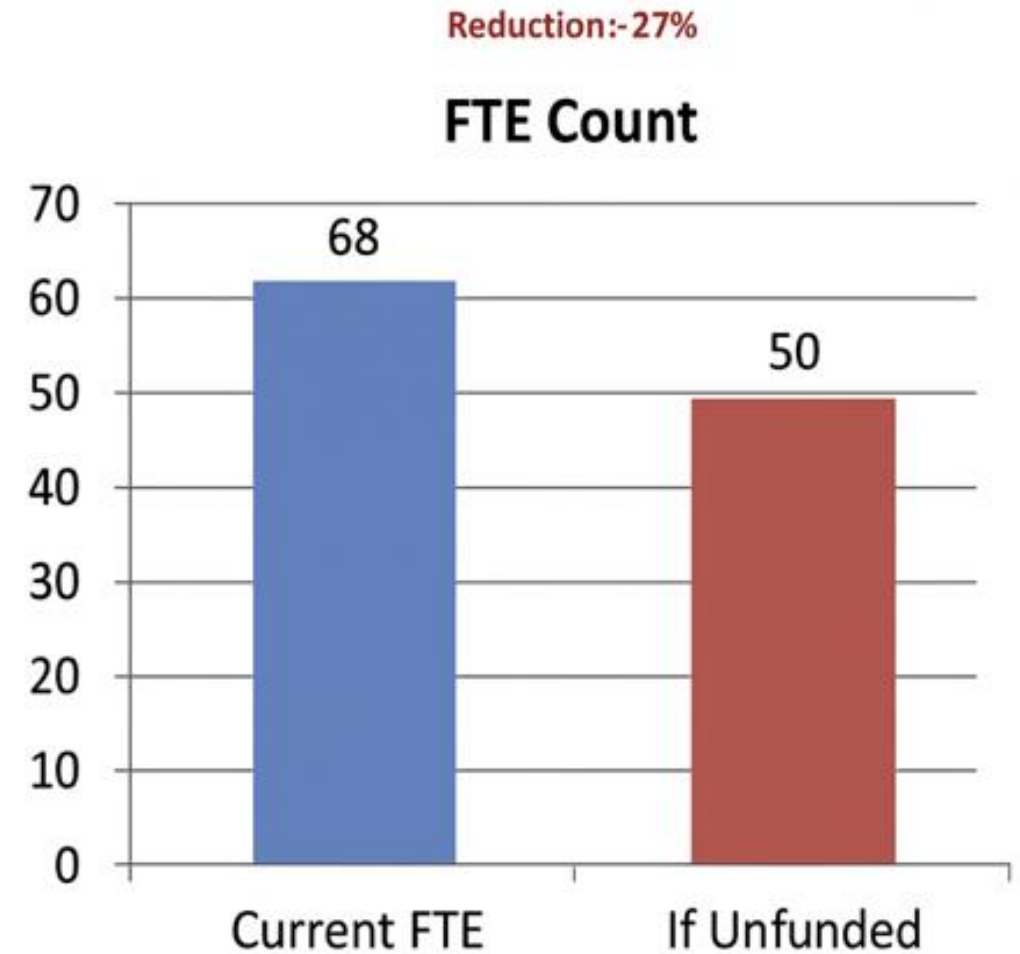
Total FTE = 68, Vacant FTE = 13

Vacancy savings = \$826,8K (temporary); Avg fully burdened cost = \$91.8k per position.

Worst-Case Scenario: If Supplemental Is Not Funded

Financial and operational risk impact

Area	Impact if Unfunded	Severity
Payroll	\$1.71M gap (~18 FTE)	High
Staffing	Active FTE reduced (63 → 45)	High
Elections	Limited readiness; delayed procurement	Med
Filings & Compliance	Slower processing; statutory delay risk	High
Public Confidence	Perception of reduced transparency/service	Med



Operational Risks for FY27

- ▶ **Payroll Instability:** Without increased recurring funding, the SOS may face another midyear cash flow shortfall requiring reclassification of funds or emergency BOF relief.
- ▶ **Election Preparedness:** FY27 will include preparation and certification activities for the 2026 General Election cycle, demanding consistent funding for cybersecurity, county reimbursements, and system readiness.
- ▶ **Compliance Risk:** Insufficient funding for PCI and cybersecurity compliance can jeopardize payment processing, HAVA eligibility, and public trust in election integrity.
- ▶ **Loss of Staff Continuity:** Payroll uncertainty threatens retention of trained election professionals, reducing institutional knowledge and response capacity in high-demand election years.

Summary

- ▶ Our consistently underfunded budget requests result in our office having to deploy many of our already limited resources finding cost savings because we do not have the basic funding we need to operate
- ▶ Some of the main services and operations the state will lose if we are not fully funded:
 - ▶ Critical election security systems are at end-of-life and \$2.4 million is needed to replace and install critical end-of-life infrastructure and the required licensing to support it in all 33 counties
 - ▶ Without supplemental funding, the SOS will continue to be unable to fill all of our authorized positions, leaving approximately 18 FTEs vacant
 - ▶ Inadequate funding risks payroll gaps, slower filings, delays in election readiness, and compliance exposure
- ▶ Our office stands ready to partner with the Legislature to fund what works, fix what's broken, and protect what's proven to be effective.
- ▶ New Mexico leads the nation in elections. Let's continue investing wisely – not just cheaply – in our democracy.