

## Analysis

### Secretary of State

#### Help America Vote Act Report

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**Analyst:** Steve Bender

**Request:** Acknowledge receipt of a report on the use of Federal Funds received under the Help America Vote Act (HAVA).

**Recommendation:** Acknowledge receipt of the report, and include a reduction of the agency's Federal Funds expenditure limitation of \$3,048,213 in the budget reconciliation bill (HB 5201).

**Analysis:** The Joint Committee on Ways and Means approved a budget note with the budget bill for the Secretary of State last session (SB 5539), that asked the Secretary to report on the use of federal Help America Vote Act (HAVA) monies, and on Elections Division plans to address the upcoming exhaustion of these Federal Funds.

The Help America Vote Act, passed in 2002, established certain national standards for elections and voting systems. The federal government provided states with funds to address implementation costs, but these Federal Funds are being spent down, and no new federal support is expected. The 2013-15 biennium budget accommodates \$7 million of HAVA Federal Funds expenditures, with only \$2.3 million remaining at the end of the biennium. The Committee asked the Secretary to outline plans to address the expected exhaustion of federal monies during the 2015-17 biennium, and to identify the expenditures that could be eliminated when the Federal Funds became no longer available, and the ongoing expenditures that would require General Fund support.

The Secretary has recently re-evaluated HAVA spending priorities, and approved major adjustments to the program. These adjustments reduce current biennium expenditures to \$4 million – a \$3 million reduction (or 43%) from the budgeted level. With this reduction, the Secretary now projects that sufficient Federal Funds will be available to support both ongoing program costs through the entire 2015-17 biennium, and a modernization of the Oregon Centralized Voter Registration (OCVR) system. The OCVR system modernization plan is still under development and its cost is yet unknown, but an estimated \$4.3 million of Federal Funds would remain available to support it.

The \$3 million expenditure reduction is achieved from redirecting \$3.6 million, which was originally budgeted to support county voter system upgrades, to other uses. Approximately \$240,000 of the funds will support ongoing OCVR maintenance and update costs, while the rest will support OCVR enhancements. The funds were re-purposed after discussions with county clerks, who agreed that the earlier plan to provide standardized tabulation systems to counties was unnecessary, and that enhancing the state's OCVR system was a higher priority. The Elections Division has contracted with a consultant to evaluate OCVR and to help develop a specific OCVR enhancement plan.

HAVA-related costs which will be ongoing after the Federal Funds are used up include continued maintenance of the OCVR system, monitoring of compliance with HAVA election standards, providing services for voters with disabilities, and maintaining a toll-free telephone number to assist voters with questions about electoral processes.

The Legislative Fiscal Office (LFO) recommends acknowledging receipt of the report. The Secretary's modifications of the use of HAVA funds will allow HAVA-related expenditures to continue to be paid with Federal Funds through the remainder of the current biennium, and through the 2015-17 biennium as well. Additionally, LFO recommends the Committee modify the agency budget to reflect the expenditure levels identified in the report. HAVA Federal Funds expenditures are now forecast to be approximately \$3 million below the level in the Federal Funds expenditure limitation established for the 2013-15 biennium.

LFO, therefore, further recommends a \$3,048,213 reduction in the agency's Federal Funds expenditure limitation. With this reduction, the remaining expenditure limitation will reflect and support the expenditures plan outlined in this report. The Secretary of State may then include a request for OCVR system upgrades in a policy option package in its 2015-17 biennium agency request budget; and may further request a Federal Funds expenditure limitation increase from the Emergency Board, if authorization is sought to implement OCVR system upgrades in the current biennium.