

KATE BROWN
SECRETARY OF STATE



SECRETARY OF STATE
136 STATE CAPITOL
SALEM, OREGON 97310-0722
Phone 503-986-1523 & Fax 503-986-1616
oregon.sos@state.or.us

January 24, 2014

The Honorable Senator Richard Devlin, Co-Chair
The Honorable Representative Peter Buckley, Co-Chair
Joint Committee on Ways and Means
900 Court Street NE
H-178 State Capitol
Salem, OR 97301-4048

Dear Co-Chairpersons:

During the 2013 Legislative Session, the Ways and Means Subcommittee on General Government requested a Budget Note report from the Secretary of State Elections Division regarding the Federal Funds the state has received under the Help America Vote Act (HAVA). The Secretary was requested to report on the use of Federal HAVA monies and on plans to address the eventual exhaustion of available HAVA monies. The Secretary was asked to identify programs and expenditures that will be discontinued upon exhaustion of HAVA monies and expenditures that the Secretary will request to be continued with alternative funding sources. This report responds to the request of the subcommittee.

Overview

At the time the Budget Note report was requested, the subcommittee anticipated that the Elections Division would have an ending balance of approximately \$2.3 million in HAVA Federal Funds at the end of the 2013-15 biennium. This anticipated final balance was based on prior budget plans for 2013-15. However, according to reevaluated goals, the exhaustion of HAVA funds will not be as immediate as was anticipated. In fact, the Secretary projects those funds will sustain through the 2015-17 biennium. This change in anticipated funding is due to a reevaluation of priorities and change in assumed direction of the HAVA program.

This report gives an overview of the HAVA program, required programs under the federal law and the Secretary's plan for the future of the program and accompanying funds in Oregon.

HAVA

The Help America Vote Act was enacted in 2002 to reform the nation's voting process. The act and its accompanying Federal Funds were designed to ensure that each state's voting systems were adequately modernized and to establish minimum election administration standards. The act includes requirements for a centralized voter registration system, modern and secure voting equipment, a voting system that is accessible to individuals with disabilities, enhanced voter education and the improvement of overall elections administration in each state.

To date, the biggest expenditure of HAVA funds in Oregon has been for the creation, development and maintenance of the Oregon Centralized Voter Registration (OCVR) system. All 36 counties in the state use this one system to manage voter records and assist with management of the voting process. Each voter's registration card is scanned into the system and each elector's voting history is maintained in this system. New registrants' voter identification information, as required by HAVA, is verified through links to Division of Motor Vehicles and Social Security Administration databases. The system now exists as a joint program of the Elections Division and Administration Division of the Secretary of State's office.

In addition to funding OCVR, the following list details some of the federally required uses of the Federal Funds to date.

- **Administrative Personnel:** Oregon's HAVA program requires staff to provide oversight and coordination of Oregon's compliance with the Help America Voter Act. A program manager, contract manager, business analyst and voter engagement advocate are the positions that are currently funded through HAVA funds.
- **Accessibility for Voters with Disabilities:** HAVA requires services for voters with disabilities. Funds issued to counties have helped counties to improve accessibility of county elections offices. Other funds have been dedicated to developing election materials in more accessible formats.
- **1-800 Information Line:** A toll-free assistance telephone line provides voters with answers to any questions about voting and the voting process.
- **Training and Education:** HAVA requires training of various kinds for elections officials and HAVA funds have helped county officials better provide services to voters with disabilities. Funds have also been dedicated to various voter education initiatives.

OCVR

In most states, HAVA funds were by and large used to replace punch-card and lever-based voting systems statewide. In fact, the prior Elections Division budget plan reflected a large investment in the local elections infrastructure in Oregon as well. About \$3.8 million was going to be dedicated to voting systems for counties. This type of modernization of voting equipment had been contemplated not only by the Oregon Secretary of State's office but by the Help America Vote Act itself. However, in light of the impending exhaustion of the HAVA funds, the Secretary's office decided to reevaluate the assumed HAVA priorities. In light of changes in the Elections Division, most notably, a change in executive leadership with a new Director of Elections brought on in November, 2013, the Secretary delayed beginning this reevaluation process.

Once new leadership was in place, the Secretary of State's office worked collaboratively with the county clerks to reevaluate HAVA spending priorities. Discussions with the clerks resulted in two determinations. First, it was agreed that the purchase of a statewide tabulation system is unnecessary. Although the counties do not operate on a uniform tabulation system, all counties have fully functioning tabulation systems that are interfaced with OCVR and meet the needs of the counties and the state. Second, the OCVR system was identified as the single most important component to administering elections in Oregon. OCVR benefits every county elections office and provides an ongoing contribution to the state's overall election process. Enhancing this system emerged as the top priority for both the Secretary and the clerks for remaining HAVA funds.

The State of Oregon already owns and operates several other databases and operating systems, like the information data systems for the Division of Motor Vehicles and the Department of Human Services. The Elections Division's long-term goal for the HAVA program is to focus the majority of the remaining federal monies on modernizing and enhancing the existing OCVR system in preparation for it to be normalized and funded with General Fund dollars similar to these other state databases.

To this end, the Elections Division has entered into a contract with a consultant to analyze the OCVR system and offer various options for the eventual transition to General Fund support. The findings of this evaluation are expected in late February, 2014. Based on these findings, the Secretary will devise a plan that will allow the state to assume funding of a modern, interactive OCVR system that is fully developed to meet the needs of Oregon voters.

Conclusion

Attachment 1 provides the Secretary's 2013-15 Legislatively Adopted Budget, actual balances as of July 1, 2013 and projections for the 2015-17 biennium. Two major areas require explanation.

First, the Subtotal Voter Services show a significant difference between the 2013-15 LAB and the 2013-15 Actuals of approximately \$3.4 million. This is due to the fact that the estimated \$3.8 million specified in the 2013-15 LAB Services and Supplies was dedicated to voting systems for counties. As explained in detail above, the Secretary has not spent this amount, nor does the Secretary intend to spend HAVA funds in this manner.

Second, the projected ending balance for 2015-17 is reflected as zero at this time in anticipation of dedicating these funds primarily to OCVR. The Subtotal OCVR is ostensibly consistent over time, varying slightly from biennium to biennium. However, these numbers account solely for ongoing maintenance of the current OCVR system. As explained above, the Secretary intends to put the funds formerly designated for voting systems toward enhancing the OCVR system in preparation for transfer to General Fund support.

The OCVR package is yet to be developed; therefore, accurate costs for the project are difficult to predict at this time. However, the Secretary anticipates that the HAVA funds will be largely exhausted by the end of the 2015-17 biennium. The OCVR consultant's evaluation is due at the end of February, 2014 and a specific plan for OCVR will be developed and implemented as soon as possible thereafter. Importantly, the projected ending balance for the 2013-15 biennium could also be affected by the course of the OCVR package as certain implementation or development may be required to take place immediately.

We request that the Joint Committee on Ways and Means accept this Budget Note report.

Attachment 1
 Secretary of State 13-15 HAVA Budget Note

	2013-15 LAB Beginning Balance	13-15 Actual Beginning Balance as of July 1, 2013
For Informational Purposes	9,752,688	10,151,391

	2013-15 LAB	FTE	2013-15 Actuals plus Projections	FTE	2015-17* Projection	FTE
Total HAVA Funds Available	9,136,288		11,311,381		8,466,942	
Expenditures						
<i>Voter Services</i>						
Personal Services	888,642	4.00	518,818	3.00	586,264	3.00
Services and Supplies	3,817,144		347,597		358,024	
Capital Outlay	-		170,192		170,192	
Special Payments	-		263,495		263,495	
Subtotal Voter Services	4,705,786	4.00	1,300,102	3.00	1,377,975	3.00
<i>Oregon Centralized Voter Registration</i>						
Personal Services	-		219,832	1.00	248,410	1.00
Services and Supplies	1,969,608		2,464,495		2,538,430	
Capital Outlay	249,811		-		-	
Subtotal OCVR	2,219,419		2,684,327	1.00	2,786,840	1.00
Total Expenditures	6,925,205	4.00	3,984,429	4.00	4,164,815	4.00
Total Funds available for OCVR Modernization Pkg and other HAVA related projects for 2015-17					4,302,127	
Total HAVA Funds Ending Balance	2,211,083		7,326,952		0	

*2015-17 amounts assume a 13% increase in the cost of Personal Services and a 3% increase in the cost of Services and Supplies.