ELECTION FUNDING PROJECT

CA FWD

Historical Context

- Funding was a local responsibility prior to SB 90 (1972)
- Prop 13 (1978) restricted counties' ability to generate revenue
- Prop 4 (1979) constitutional requirement for state mandated local programs
- Prop 1A (2004) suspended mandates become unfunded permissive statutes

Historical Context: Consequences

- Inability of counties to collect local property tax revenue along with unfunded election mandates have led to tension between state a local governments.

- The mandate framework isn't working well, leaving election administration inadequately funded.

Election Funding Project: Methodology

- Collect budget data and survey feedback from States and California's counties.
- Research methods of election funding and governance in other states.
- Use as a framework to develop potential funding options to more adequately and sustainably fund election administration in California.

State Survey

- 27 state election officials have responded to the election funding survey.
- 70% share funding responsibility between state and local governments.
- Every state administers elections differently with varied divisions of responsibility and funding between state and local governments, and between local governments and jurisdictions.
- There are rarely formal divisions of responsibility and funding, however states can be grouped into broad categories.

State Funding Groups

Group A: Centralized Election Administration Responsibility and Funding

- Uniform voting systems
- Responsibility is primarily at the state level
- Reimbursements from the state, or if state incurs costs up front, from the counties for some costs
    - New Mexico – The state funds voting systems, supplies and ballots. This is done in part by a 'Voting System Revolving Fund'.
    - Georgia – The state funds the Center for Election Systems through Kennesaw State University, which builds ballots and collects data. Voting systems were initially purchased by the state.
    - Maryland – The state selects and funds voting systems, counties reimburse for a pro-rata share of 50% of the total cost.

State Funding Groups

Group B: Decentralized Election Administration Responsibility and Funding

- Local governments select and purchase voting equipment
- Responsibility is primarily at the local level
- Reimbursements to county from other local jurisdictions
    - Seven of the responding states had similar models to California with decentralized election administration, costs incurred by local governments and reimbursements sought from local jurisdictions.
    - There are varying methodologies and formulas counties use for seeking reimbursement from local jurisdictions for the cost of election services.
    - Different methodologies and formulas are used across California's counties.

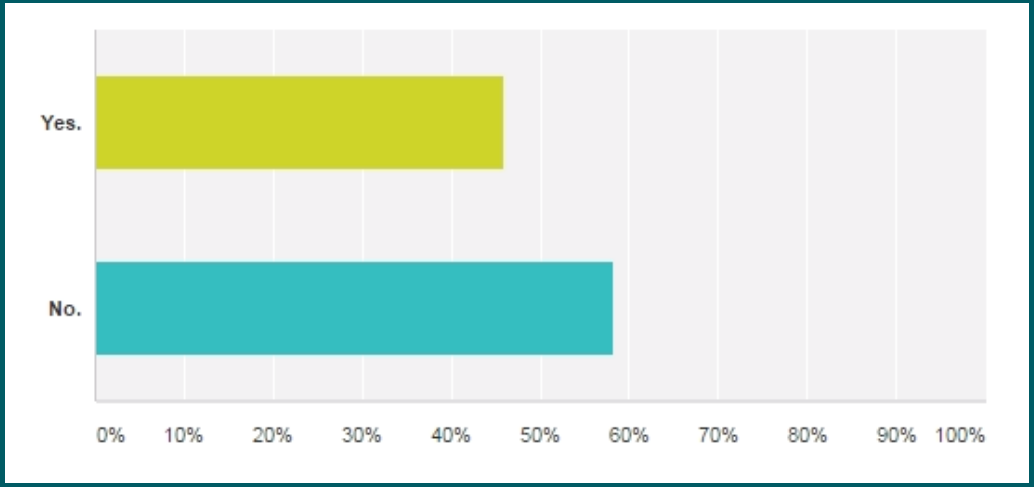
State Funding Groups

Group C: Shared Election Administration and Funding

- 70% of states share election responsibilities and funding between state and local governments, as well as local governments and jurisdictions.
- Entities are charged for their determined 'fair share' of election costs
  - Colorado – The state reimburses for even-year elections at .$0.90 per active voter in counties with less than 10,000 voters, and $0.80 per active voter in counties with more than 10,000 voters.
  - Louisiana – The state pays 75% of election costs, while the remaining 25% of total costs are divided by a pro-rata share between local jurisdictions. The state pays the costs up front and is reimbursed by localities.
  - Arizona – The State reimburses counties at a flat rate of $1.25 per registered voter.
  - Minnesota – Entities are charged by the amount of space they take on the ballot: (total costs) X (% of voters in jurisdiction) X (% of total column inches on ballot).

Collaboration

Do localities collaborate in election administration to reduce costs and/or increase effectiveness (such as sharing resources or partnering to purchase from vendors)? If so, please provide an example of this collaboration.



- Alabama – Some counties partner on bid requests for voting equipment
- Arizona – Some counties partner to order voter registration forms and other supplies at a reduced cost
- Kansas – The four largest counties have partnered on an RFP for voting equipment and have worked with the EAC to draft the document.

Issues That Transcend States

Common Themes

- Entities should pay their 'fair share' of costs
- Determining the actual cost of election administration
- Lack of consistent data collection and reporting
- Lack of collaboration and cooperation
- Outdated election statutes and laws
- Need for legislative action

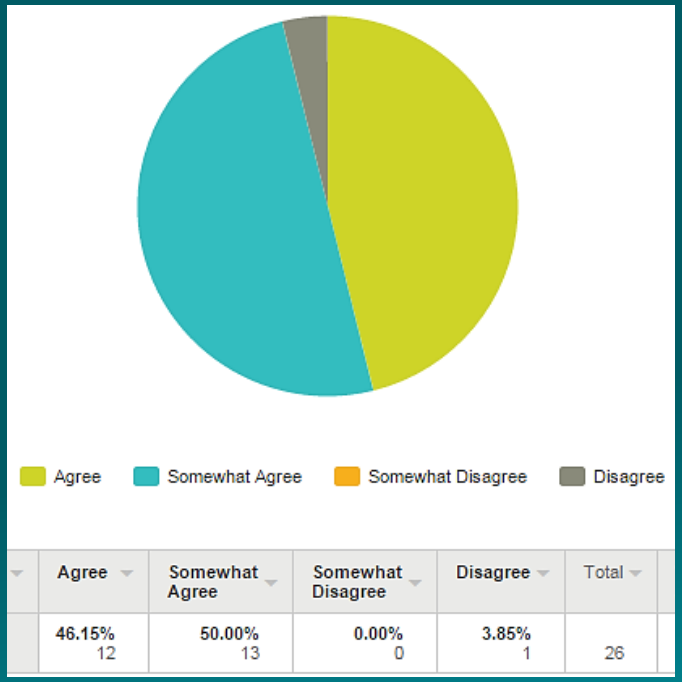
Potential Solutions

- Reliable funding
- Reducing budgetary restrictions
- Alternative funding mechanisms for voting systems
  - Voting system fund
  - Low-interest leans
  - Leasing equipment
  - Centralized state financing system
  - Bonds
  - Block grants
- Uniform voting systems

County Survey

- 33 county election officials have responded to the election funding survey.
- 96% agree or somewhat agree that California should adopt a different funding framework for elections.
- 88% agree or somewhat agree that there should be collaboration among counties in providing election services and procuring voting equipment.
- 76% indicated voting equipment needs to be replaced within 3-4 years, with 44% of those needing replacement within 1-2 years.
- 81% are interested in exploring alternative funding methods for elections.

Do you agree with the statement : "California should adopt a different framework for state-county election funding"?



Agree	Somewhat Agree	Somewhat Disagree	Disagree	Total
46.15% 12	50.00% 13	0.00% 0	3.85% 1	26

Reimbursement Practices Vary

- Counties request reimbursements from local jurisdictions for the cost of election services.

- Methodologies and formulas for jurisdiction reimbursements vary by county.

- Some include staff time and equipment use, others do not.

- Some bill direct costs, while others have flat fees.

- Some have formal calculation formulas or Board of Supervisor fee schedules.

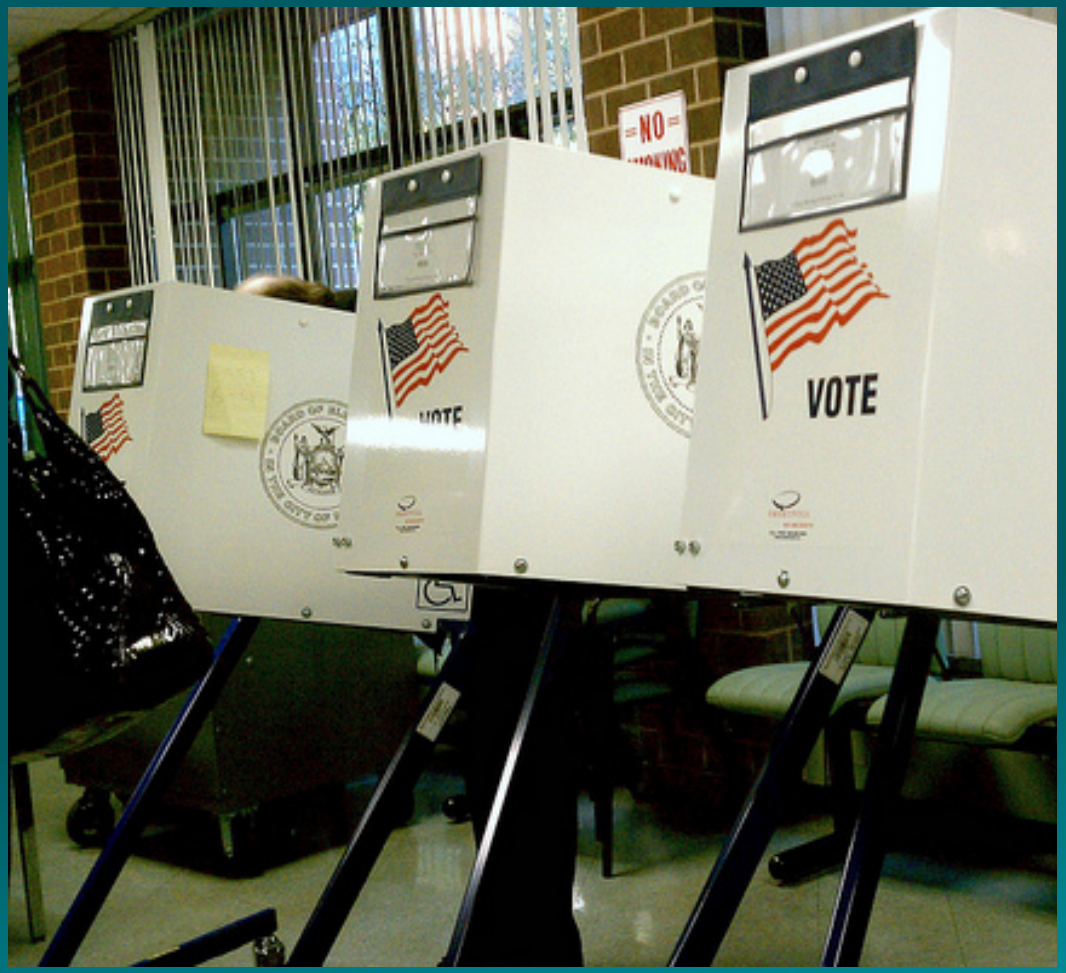
- Variance exists within counties with some billing special districts flat fees while school districts are billed direct costs.

- Most involve a pro-rata share based on:
    - Number of measures/candidates
    - Number of registered voters
    - Number of jurisdictions
    - Number of polling places

According to Registrars: Challenges & Needs

- Inadequate funding for:
  - New laws and regulations
  - Complying with mandates
  - Purchasing voting systems
  - Special Elections

- Most counties are awaiting the results of SB 450 before moving forward on purchasing systems or changing practices.



(photo credit: Carl Mikoy)

Opportunities for State-Local Partnership

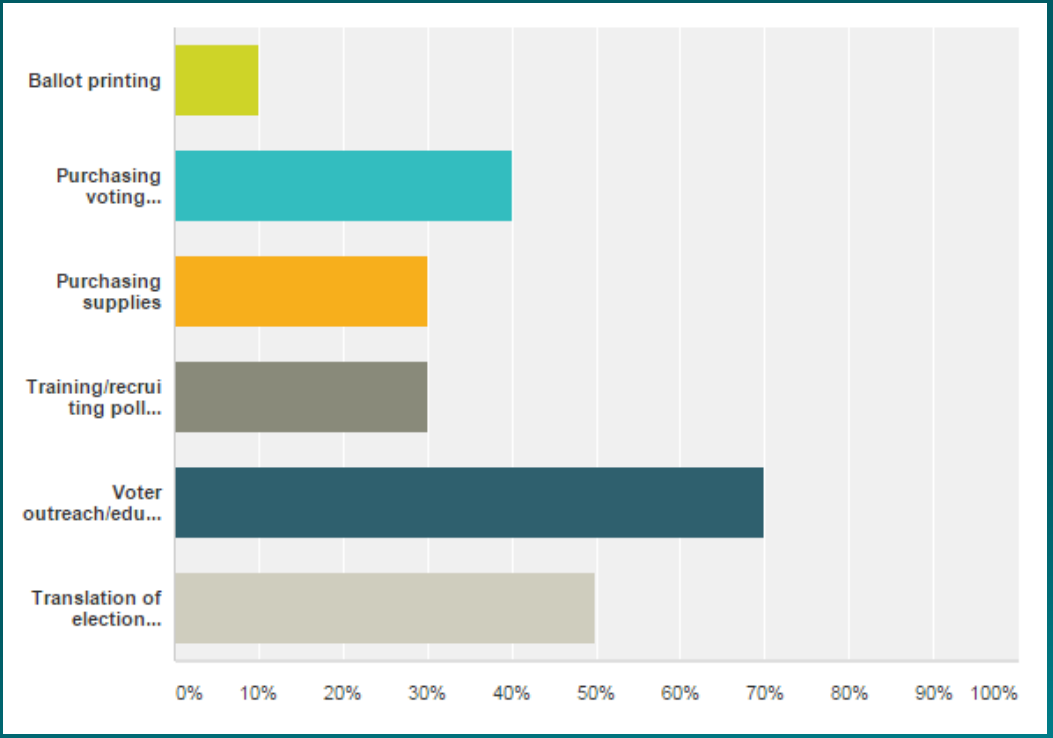
- Aside from funding, counties indicated there were other ways the state could assist in the procurement of voting systems:
  - Streamlined certification and approval processes
  - Updating law/statute to accommodate new technology
  - Consulting and collaborating with counties on new laws/regulations
  - Flexible and timely regulation adoption
  - Pilot project authorization
  - Policies to expand the market of available products, systems and services

According to Registrars: Challenges In Collaboration

- Lack of uniformity and resources, time, distance, scale, coordination and communication are challenges in collaboration between counties.

- Some counties indicated differences in opinion and vision, as well as differences in purchasing policies and law interpretation played a role in lack of collaboration.

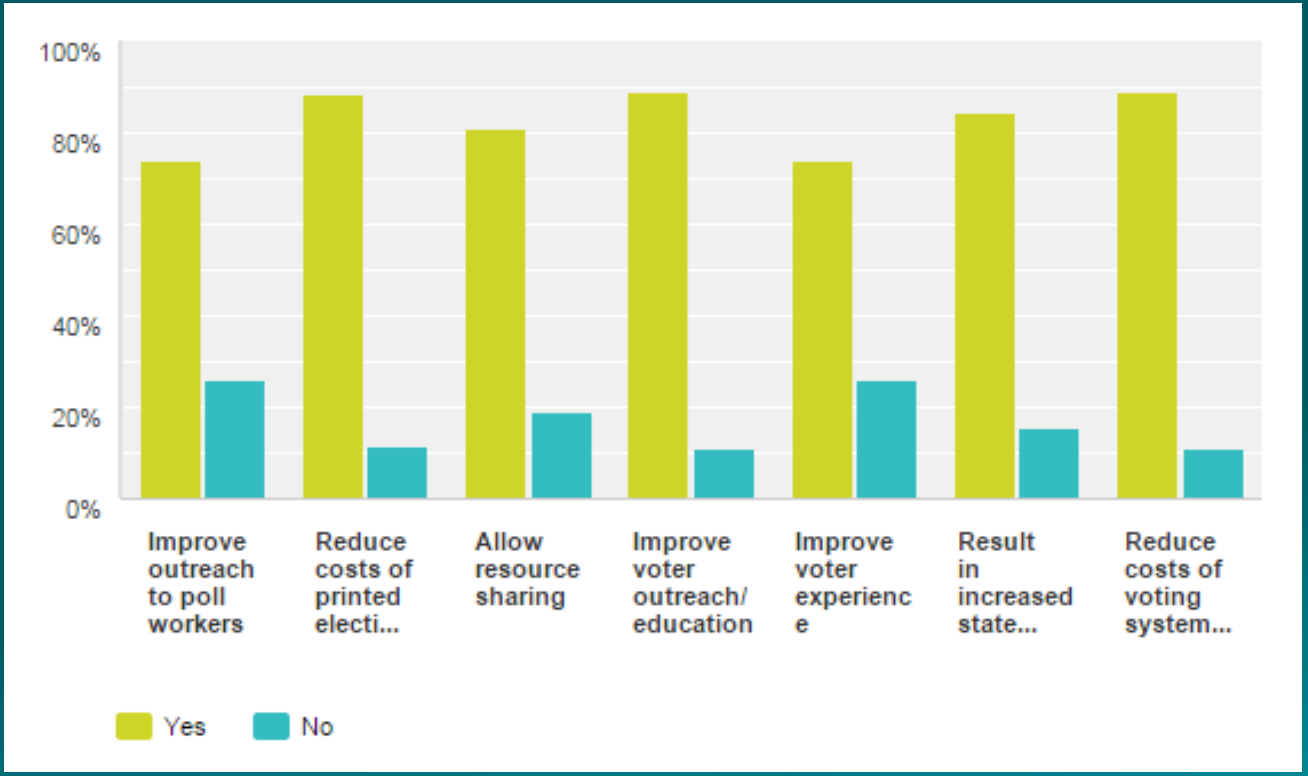
Has your county collaborated with another county or counties to provide the following election services:



Interest In Collaboration

Significant interest in collaboration among counties, if benefits exist.

Would your county be interested in forming partnerships or collaborations with other counties if doing so would:



Problems are Larger than Mandate Impasse

• After assessing survey data and feedback along with conducting regional meetings with registrars, here are common themes:

- Technology is antiquated and hard to update – locking in higher costs
- The certification and procurement process limits the use of technology as a way to reduce and control costs
- Stalemate on "fair share" of election costs continues historic state-local tension, prevents improvements to the process
- Minimal cooperation among the counties to reduce costs
- Little incentive for continuous improvement and cost-savings at the local level

Ingredients For a Better State-Local Relationship

"Pathway to Modernization"

- Use technology to increase efficiency and efficacy
  - Update certification and procurement processes to accommodate new technology
  - Develop a funding mechanism with right incentives
- Improving the relationship between state and counties
  - Determining the "fair share" election costs
- Create capacity and incentives for efficiency, cooperation and continuous improvement

Working on Recommendations

- Explore ways technology can be useful, including updating certification and procurement.

- Structure state contribution to encourage the right results.

- Encourage counties to collaborate in continuous improvement efforts such as joint purchasing.

Look Forward to Final Report in April

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