

Investing in California's Democracy: Building a Partnership for Performance

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California Forward is a bipartisan governance improvement organization that advances innovative ideas and sound analysis to develop, enact and effectively implement pragmatic solutions that are needed to grow jobs, promote cost-effective public services and create accountability for results. Find out more at www.cafwd.org.

The opinions expressed in this report are those of the author and do not necessarily reflect the views of The James Irvine Foundation.

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I. Executive Summary

Elections are an essential function of democracies. As the largest democracy in the nation, California has an obligation to provide and model an election process that is efficient, inclusive and ensures integrity. For California to meet that standard going forward, it will need to modernize the governance and finance aspects of the election process.

California Forward (CA Fwd) set out to explore options to improve the inadequate state mandate process for reimbursing counties for certain election-related costs. By taking a more holistic approach, this analysis identified the important nexus between the cost of elections, the use of technology and the relationship between the state and the counties, and among the counties.

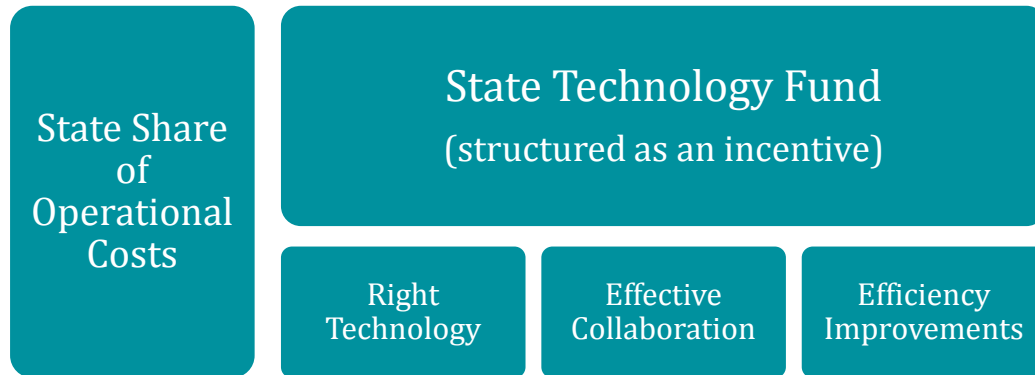
California will struggle to adequately and reliably fund elections unless they are conducted in modern and efficient ways. In turn, if the state and the counties work together in new ways, they will be able to capture efficiencies to control costs and over time meet the challenges of making the election process accessible and efficient from the voters' perspective. Under this approach, a shared funding model can be developed that provides adequate resources and the right incentives for collaboration and continuous improvement.

Technology is the cornerstone of developing an alternative framework for funding elections because technology will be a major cost driver. Managed well, technology can produce cost savings, and allow resources to be reallocated to innovations that will improve the voter experience and the efficacy of elections. The current technology procurement system was designed primarily to prevent failure and fraud, and to meet minimum standards. To capture the potential for technology to improve the elections process, California will need to revise the certification and procurement processes to allow for more innovation, competition and value.

Two other cost drivers also require attention: the untapped potential for collaboration among counties and continuous process improvement within counties. While there are promising examples of both, more deliberate and concerted efforts would capture cost savings, which can be reinvested in new technology and other system improvements.

These operational improvements provide the foundation for a new, value-based funding model. Rather than the traditional and antagonistic relationship between the state and the counties, the funding model should be fashioned as a partnership in which the state pays for its share of elections that directly support state operations, and finances a technology investment fund that is crafted as an incentive for counties to embrace collaboration and continuous improvement.

Funding a Stronger Partnership



California is at a pivotal waypoint and has a distinct opportunity to chart a new path for the future of elections. The opportunity is defined by an evolving state-local relationship in several major policy areas, by the advent of transformative technologies, by warming relationships and by engaging and inspiring leaders at the state and county levels.

The decisions made over the next few years – by election officials and their legislative counterparts – will impact the course and progress of election administration for many years to come.

The current funding model is predicated on past practice and historic relationships. A new and better funding model could be predicated on a commitment to partnership and excellence – an electoral process that matches the aspirations of Californians for an inclusive, accessible, efficient and trustworthy election system. CA Fwd respectfully offers this analysis and these suggestions to bias action toward partnership and excellence.

The following graphic illustrates the four inter-related issues and opportunities for developing a modern and sustainable governance and finance system for election administration in California.



II. Introduction

Sixteen years since the *Bush v. Gore* election crisis and fourteen years since Congress passed the Help America Vote Act (HAVA), election administration is once again gaining attention in the United States of America. Amid an impending “voting system crisis” of aging, deteriorating systems and no funding plan to replace them, many unresolved issues are re-emerging about how to pay for new voting systems, as well as the ongoing costs of operating elections. These questions loom even larger for populous states like California, given the tepid interest at the federal level in repeating the \$3 billion investment of HAVA.

In California, these concerns are heightened by the impasse between the state and local governments over reimbursements for state-mandated programs. California’s Constitution requires that the state reimburse counties when they perform certain activities or services. The reimbursement process is complex and cumbersome, and many local governments opt to pay outside entities to navigate it for them.¹ Due to budget constraints, election-related mandates were suspended and counties have not been reimbursed in about six years.

This impasse has further strained the relationship between the state and county governments. With reimbursement unlikely in the near term and approximately \$119

¹ MAXIMUS is a fee-for-service company that is used by a majority of California counties, 300 cities and special districts and 300 school districts to navigate the mandate reimbursement process (<http://www.maximus.com/financial-services/sb-90>).

million in backlogged election-related claims, public officials and advocates have begun to ponder whether the mandate “framework” is the appropriate foundation for fiscal sustainability in election administration. Moreover, the tension over mandates, reimbursements and suspensions is one of many friction points in the complex and often acrimonious state-local fiscal relationship.

That relationship is further complicated by California’s strong tradition of local control. California’s 58 counties have significant discretion over how to administer elections; from the selection of voting systems to the formulas used to charge cities and special districts for the cost of local elections. While this tradition has allowed for counties of wildly different sizes to tailor their approaches, it also has encouraged a patchwork of administrative models that frustrates efforts to establish baseline needs, benchmark best practices or capture economies of scale. Differences in practices have led to significant variation that makes comparisons difficult.

For better or worse, California is not alone. This knowledge gap was documented as a national barrier to system-wide improvements in a 2001 publication by Caltech and MIT titled *Voting Technology Project Report*:

“Even the most basic facts about the cost and finance of elections in the United States are unavailable, and the most basic questions remain unexamined. It is not known how much we spend on election administration overall in the U.S. each year. It is not known on what funds are spent. There has been little analysis of how and how well local governments provide election services. Each of us has some sense of what we get—a stable and successful democracy. But there are clearly problems that can be remedied. How much will improvements in this system cost?” (Caltech–MIT Voting Technology Project, 2001)

III. The Election Funding Project

CA Fwd’s Election Funding Project aimed to start filling in this information gap and inform a policy discussion about a more sustainable funding model. The project began by stepping back from the state mandate debate to explore the possibilities of thinking differently, holistically and realistically about California’s financial commitment to this essential function of democracy. Through surveys, interviews and convenings the CA Fwd sought to assemble data, information and insight from other states and California’s counties to develop options for California to more adequately and sustainably fund election services. This was done through the generous support of The James Irvine Foundation, which supports research and other projects to improve elections, including the Future of California Elections, a collaborative effort of which CA Fwd is a member.

Understanding the source of funding for elections was a logical next step. CA Fwd began its research by trying to determine how individual counties paid for election activities – how much is derived from county general funds, state support, charges to

local jurisdictions for election services, and other sources. It also was important to ascertain the division of fiscal responsibility between state and local governments, as well as between counties and other local governments – essentially, discovering who is responsible for what. This included understanding cost-sharing formulas between government entities as well as the amount of centralization.

Numbers were gathered from state and county budgets as well as from different agencies to try to piece together the funding puzzle. But from the available data sources, it was too difficult to assemble a comprehensive, clear and reliably accurate picture. Inconsistent reporting practices among states, counties and agencies make comparisons nearly impossible. For example, each county has a different method for budgeting and reporting election costs and expenditures with some lacking even a separate item in the budget for elections. Additionally, while the state agency that collects election data has comparable numbers because of a streamlined reporting process, it often lacks the most accurate data in order to make those comparisons.

Still, other states employ different funding and governance models that may inform California's choices. A CA Fwd survey of state election officials sought to develop a macro-level understanding of funding options, while identifying innovative or distinct aspects that might inform discussions in California. While it may not be practical to make direct comparisons because of scale and governance differences, this information can guide policymakers and others to tailor solutions to the needs of California's large and diverse counties.

CA Fwd's survey of the states revealed significant variation in the way elections are administered. Some states centralize operations, others have little state involvement in the process; most states fall somewhere in between with a hybrid of state and local responsibilities for operations and funding. CA Fwd also engaged the National Conference of State Legislatures (NCSL) to gather qualitative information on the type of funding relationships between states and local governments.

Information gathered from the national survey was used to inform a survey of California's counties regarding their funding models, relationships with the state and other local governments, and efforts to control costs and improve performance. CA Fwd used the information gathered through the surveys of the states and counties to inform regional discussions with election officials and other interested parties in California to further understand issues and identify potential recommendations.

The election data, survey feedback and input from election officials, county representatives, advocacy organizations, state agencies and other stakeholders have all been incorporated into this report to provide a basic understanding of how elections are funded in California.

A concurrent and complementary Election Cost Study, also funded by The James Irvine Foundation, is being conducted by the California Association of Clerks and Election Officials. The study is evaluating elections-related expenditures of counties

in California. The outcome of the Election Cost Study in combination with the Election Funding Project will shed light on how much is spent on elections, funding needs going forward and the policy options for the future of sustainable elections.

Multiple levels of stakeholder input were gathered throughout the process to increase the accuracy and utility of the project. Thought partners and contributors include the California Association of Clerks and Election Officials, California Voter Foundation, Urban Counties of California, Rural Counties Representatives of California, California State Association of Counties, Secretary of State's Office, Department of Finance, Senate and Assembly Elections and Budget Committee staff, members of the Future of California Elections coalition and others.

Methodology

CA Fwd conducted the Election Funding Project in several stages, each building upon the earlier stages. The first objective was to collect and summarize existing data and literature related to the funding of elections. This information was used to inform surveys of state and county election officials. Lastly, data and survey feedback were used to inform discussions with California registrars and other stakeholders on how to better fund elections going forward.

A. Data Collection

The research process began by gathering data from the National Association of State Budget Officers' *Summaries of Fiscal Year 2015 Proposed and Enacted Budgets* report and compiling data on how much states generally spend to administer elections. In addition, data on population, number of registered and eligible voters, and number of counties was gathered to ascertain how election spending relates to population size, voter turnout and other factors.

Similarly, the project gathered data on counties in California through the State Controller's Office, which keeps county-reported data on election expenditures and revenues. Data also was gathered on county population, as well as registered and eligible voters. Additionally, overall budgets were obtained from each county. There were significant differences found between each data set. For example, Los Angeles County reported approximately \$115 million in elections expenditures in 2013 while the State Controller's Office indicated the county spent approximately \$86 million. The differences in how the county and the state agency view election expenditures and revenues results in a discrepancy of more than \$29 million.

Each data set reflects the intended utility. The State Controller's Office data uses streamlined reporting standards allowing for cross-county comparisons, but as a result the numbers reported may not be a complete picture of total election costs and revenues. County budgets may include the most accurate numbers for actual expenditures and revenues; however, the different reporting practices among counties make comparisons difficult, if not impossible. Currently, there is no precise and comparable source of election cost and revenue data in California.

B. Literature Review

The literature review identified a couple of valuable sources. Electionline.org's 2002 *Election Reform Briefing: Working Together? State and Local Election Coordination* provided for the first time a general overview of how election administration operates in all 50 states, including a broad sense of how elections are funded, training of officials and staff, and the status of voting systems. The report also included "snapshots" of each state, which gave an understanding of each state's model. These snapshots were used to inform the Election Funding Project's surveys. CA Fwd was encouraged to try to update this report, as described below.

Additionally, Professor Sarah Hill's 2014 research *Election Administration Finance in California Counties*, reviewed election expenditures from 1992 and 2008. Her findings indicated that the largest factors in the cost of elections are economies of scale, the maintenance and procurement of voting equipment, and the cost of production of election administration. This research explains generally what drives the costs of elections, and where improvements can be made to increase cost-savings and efficiency.

CA Fwd's project also gained insight from publications by the Caltech/MIT Voting Technology Project (VTP), which was formed in 2000 following the presidential election and the controversies over election administration. Their goal has been to "prevent a recurrence of the problems that threatened the 2000 presidential election" (VTP, 2001). In its 2001 report *What Is, What Could Be*, the Voting Technology Project discussed the historical context and the layout of voting technology and election administration in the nation, along with recommendations for improvement. A decade later, when the project's 2012 *Voting Technology Report* was published, several recommendations still had not been implemented.

Voting Technology Project Unfulfilled Recommendations

Voting Technology Report (2001)

- Make the county's or state's registration database accessible at each polling place.
- Provide polling places with the list of dropped voters and the reason why they were dropped.
- Make source code for all vote recording and vote counting processes open source and make source code for the user interface proprietary.
- Make recording software openly auditable in the same mode that it is used to conduct the counts.
- Design equipment that logs all events (votes, maintenance, etc.) that occur on the machine.
- The federal government, working with state and local governments, needs to develop standard methods of accounting for election expenses and standard reports that are made publicly available.
- The federal government needs to maintain a publicly available database of election expenditures.

Voting Technology Report (2012)

- A new business model led by states and localities, with harmonized standards and requirements.
- Streamlining the provisional balloting process in many states and the creation of common best practices and voluntary standards across states.
- Continued standardization of voter registration databases, so that they can be polled across states.
- Development of applications that gauge how long voters are waiting in line to vote, so that wait times can be better managed and reported to the public.
- Continued, and expanded, support for the research functions of the Election Assistance Commission.
- Development of an Electoral Extension Service, headquartered in each state's land-grant colleges, to disseminate new ideas about managing elections.

C. Surveys

CA Fwd's survey of state election administration was informed by the budget data and the literature review. Many of the survey questions were influenced by the state "snapshots" in Electionline.org's report. In these brief descriptions, the researchers outlined the basics of election administration in each state. This included the identification of the Chief Election Official (CEO) and State Agency (SA) responsible for managing elections, a description of voting system verification, as well as any other information provided in the survey. California Forward's survey aimed to build on those descriptions.

The CA Fwd survey also collected more detailed information regarding election administration funding and operations. It included questions regarding the division of responsibility between state and local governments, cost-sharing formulas and methodologies, funding sources, examples of collaboration, assessments of adequacy, reliability and fairness, as well as obstacles and challenges. These questions allowed CA Fwd to develop a more detailed understanding of election administration models.

CA Fwd's second survey, which was sent to all 58 counties in California, was similarly structured and also included more detailed questions that evaluated whether strategic planning and management are used and the estimated remaining life of each county's voting systems. The information from the national and state surveys were combined and presented to county registrars and staff in four regional convenings to validate the accuracy of the responses and to collect qualitative information on these issues.

IV. Historical Context

Two distinct and historical vantage points shape the contemporary conversation in California. The first is the national perspective, which focuses on the emerging intersection between technology and voting system integrity. While the 2000 election elevated the role of technology, the policy challenges and potential solutions have evolved with and as fast as the technologies themselves.

The second perspective is California's long-standing tradition of local autonomy in election systems and its history regarding state and local relationships. These perspectives converge to define some of the issues regarding elections in California.

The 2000 presidential election was a critical moment in American election history and the aftermath had rippling effects on events well into this decade. In particular, the controversy that arose from the Florida election catalyzed greater reform. After concluding that punch card voting systems and other antiquated methods dating to the 1960s were not reliable, the federal government began to look at election systems and operations across the country. It found inconsistent standards within states and local governments regarding the administration of elections and the equipment used.

In 2002, Congress passed the Help America Vote Act, which decertified antiquated voting systems, allotted \$3.5 billion in federal funds for states to replace systems, and created mandatory minimum standards for accessibility, voter identification, voter registration and other important elements of elections. In 2016, California will become the last state to develop a HAVA-compliant database.

In California, the issue of minimum standards had its own context. As a large and diverse state, California has a tradition of local control, which has at times fomented tension between state and local governments about the authority of local government and how financial responsibilities should be shared for state and local programs.

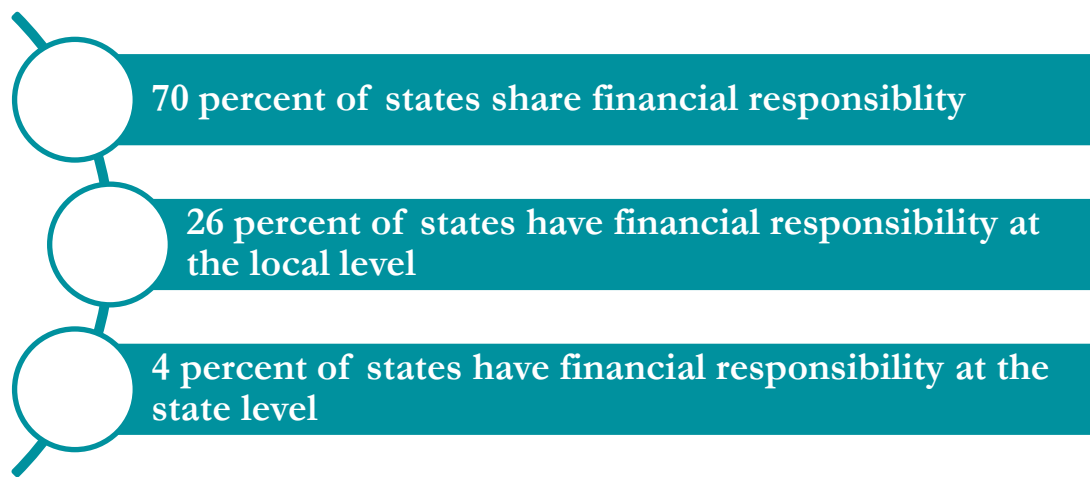
This tension evolved over time and a few specific milestones define this history. Prior to the early 1970s, counties and local jurisdictions in California used property tax revenue to pay for the cost of elections and there was little financial help from the state. In 1972, the Legislature began to hear complaints from taxpayers about rising property taxes, and responded with legislation to limit property tax rates. Senate Bill 90 also set up a claims process for counties to be reimbursed for additional costs imposed by new state programs. This process allowed the state to require certain actions of all counties, such as providing access for disabled voters or permitting no-excuse absentee voting, as long as the state reimbursed counties for the cost. The process was generally acceptable to counties as long as they were able to rely on property tax revenue for general operations and the state reimbursed for new mandates.

Voters in 1978, increasingly frustrated by rising property taxes, passed Proposition 13, which reduced and capped property tax rates. While the state stepped in to “bail out” some local government operations, the proposition increased tensions among state and local government agencies and counties became more dependent on state reimbursements. The friction increased even more with the passage of Proposition 1A in 2004, which allowed the state to “suspend” reimbursements for mandated programs. In theory, counties are no longer required to fulfill the duties of those mandates, however counties still do because it would be cost prohibitive not to, detrimental to the needs of voters, or both.

Election administration also is a growing public concern as voter turnout declines, costs increase, budgets are perennially tight and voting systems approach the end of their useful lives. The Legislature has responded with changes to voter registration such as the New Motor Voter Act of 2015, which registers voters more easily through the Department of Motor Vehicles, as well as proposed legislation, Senate Bill 450, to allow counties to adopt the Colorado “vote center” model and reduce costs by reducing the number of polling places required. In April of 2016, Governor Jerry Brown signed AB 120, giving the Secretary of State and counties an additional \$16.3 million to pay for increased election costs due to an expected higher voter turnout. There is increasing recognition that the fundamentals of election administration, including sustainable and adequate funding, must be addressed.

V. The National Perspective

Through online surveys as well as phone interviews, CA Fwd developed a general understanding of how other states administer elections. The 27 states that responded to the survey provided information on the division of responsibility between state and local governments, cost-sharing, funding sources, collaboration, assessments of adequacy, reliability and fairness, as well as obstacles and challenges. Respondents represented a diverse group of states in terms of population, geography, and demographics. The full report of state responses can be found in Appendix A; this section provides a general overview.



In approximately 70 percent of responding states, the financial responsibility for election costs is shared between the state and local governments; 26 percent of the responding states place responsibility primarily at the local level and in 4 percent the state is primarily responsible for funding elections. Responsibility for services such as ballot printing, purchasing voting equipment, staffing and training vary widely among states, with no two operating the same system. Some general trends: Many state and local governments partner on outreach activities. Staffing and ballot printing responsibilities are primarily controlled by local governments. And the approval of voting systems is overwhelmingly a state responsibility.

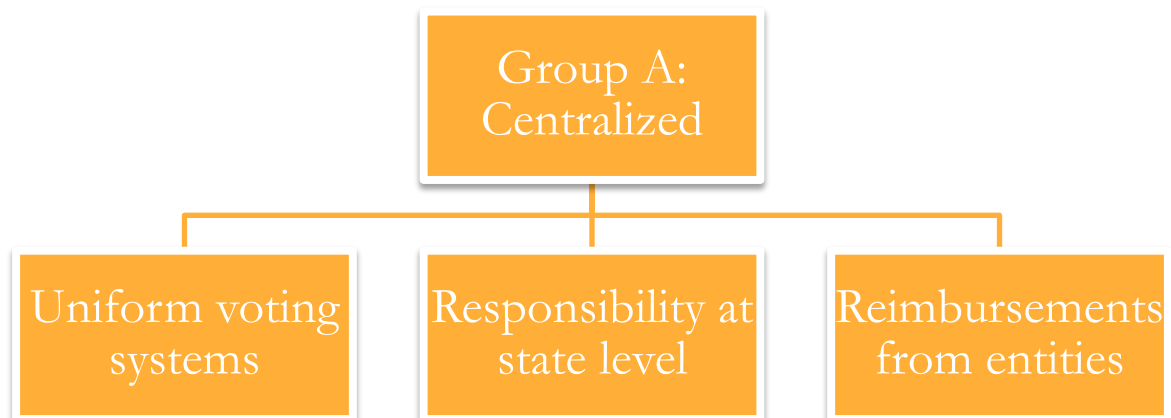
States also were asked about the adequacy, reliability and equity of their funding systems, as well as barriers to improvement. Common themes in responses included the desire for governmental partners to pay their “fair share” of costs and the difficulty in determining actual costs. States voiced concerns about inconsistent data collection and reporting, lack of collaboration and outdated laws and statutes. Officials in other states were interested in finding solutions, including reliable funding for elections and voting systems, budgetary flexibility, with some interest in uniform statewide voting systems.

For explanatory purposes, CA Fwd grouped states into three generalized categories: centralized, decentralized and hybrid. This categorization facilitated an exploration the different elements and options for operating and funding election administration.

Group A: Centralized

4 percent of responding states shared the following characteristics:

- Election responsibilities are held primarily by state government
- Uniform voting systems
- Reimbursements are made by the state to local governments (or if state incurs costs up front, by local governments to the state)



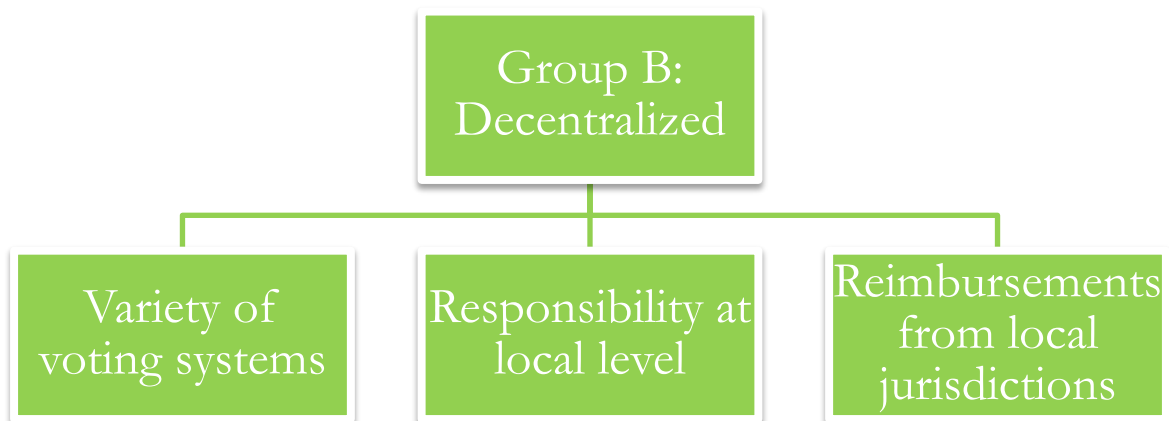
Examples:

- 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 percent of the total cost.

Group B: Decentralized

26 percent of responding states shared the following characteristics:

- Election responsibilities are held primarily by local governments
- Local governments select and purchase voting equipment
- Reimbursements are made to counties from local jurisdictions



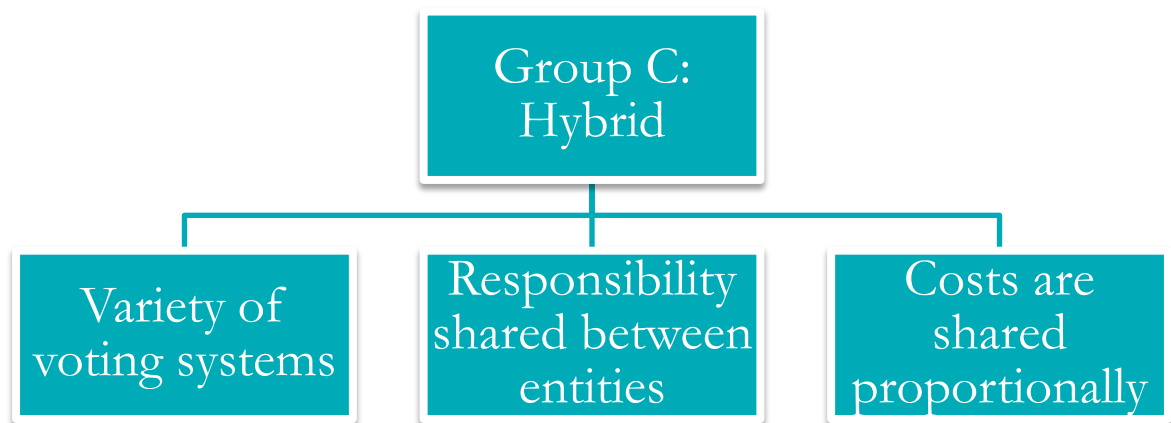
Considerations:

- Seven of the responding states had similar models to California with decentralized election administration.
- Costs incurred by local governments and reimbursements are sought from local jurisdictions.
- There are varying methods and formulas counties use for seeking reimbursement from local jurisdictions for election costs.

Group C: Hybrid

70 percent of responding states shared the following characteristics:

- Divide election responsibilities and costs among state and local governments, as well as local governments and other jurisdictions
- Varying responsibility of selecting and purchasing voting equipment
- Entities are charged for their “fair share” of election costs



Examples:

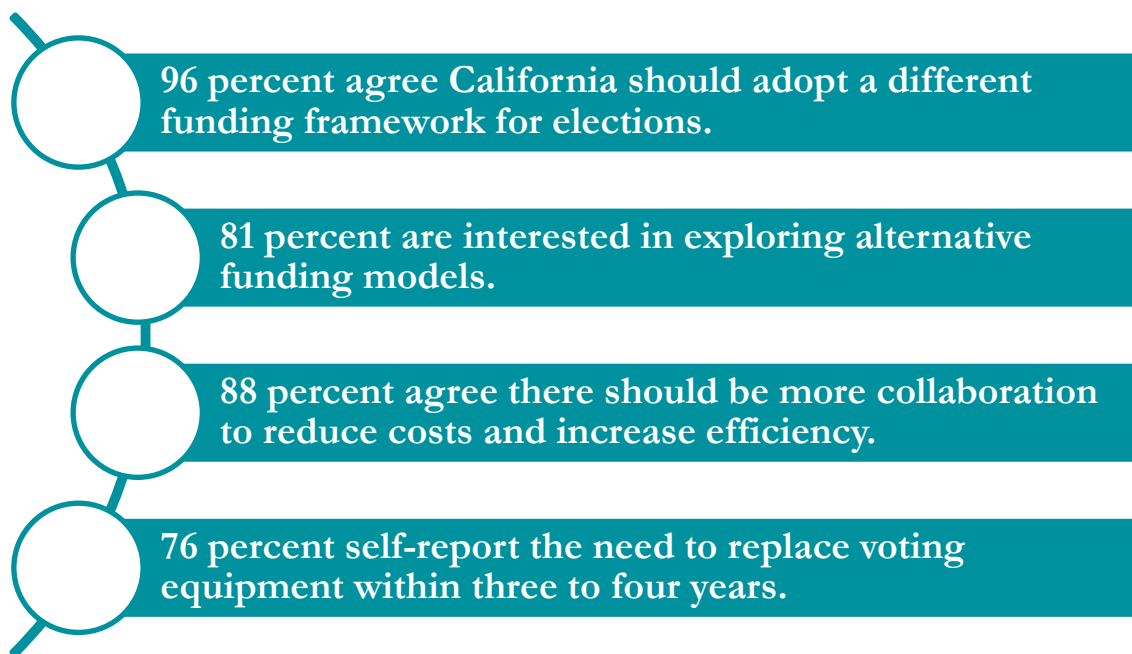
- Colorado – The state reimburses for even-year elections at \$0.90 per active voter in counties with less than 10,000 voters, and \$0.80 per active voter in counties with more than 10,000 voters.
- Louisiana – The state pays 75 percent of election costs, while the remaining 25 percent is divided by 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 using the formula: (total costs) X (percentage of voters in jurisdiction) X (percentage of total column inches on ballot).

VI. The California Perspective

To better understand how election administration is funded in counties, CA Fwd sent surveys to all 58 counties – 34 counties responded. In addition to asking about divisions of responsibility and general funding, the survey asked administrators about strategic planning, performance metrics, qualitative evaluations of the current funding model and what can be improved. This data along with feedback gathered from a series of regional meetings with election officials provides a reasonable understanding of the systems in place. Full results can be found in Appendix B.

California's diversity and strong tradition of local control resulted in variation among the counties. No two counties fund and operate elections in the same way. This highly decentralized system leaves many key funding and operational decisions up to counties. The local control and diversity extends to the reimbursement practices between counties and local jurisdictions. Counties operate elections for most cities, schools and other special districts, and charge these entities for the cost of running elections. They rely on various formulas and methodologies which usually involve a pro-rata share based on the number of candidates, ballot measures, registered voters, jurisdictions or polling places. In part because counties use different methods to calculate costs, local jurisdictions across the state are likely to be charged different amounts for similar services.

Despite significant variation among counties, CA Fwd found that there are several points of agreement among responding counties:



One of the most discussed sentiments from the survey and regional convenings was the desire for the state to directly take some financial responsibility for the general operations of elections, such as voter outreach and purchasing voting equipment.

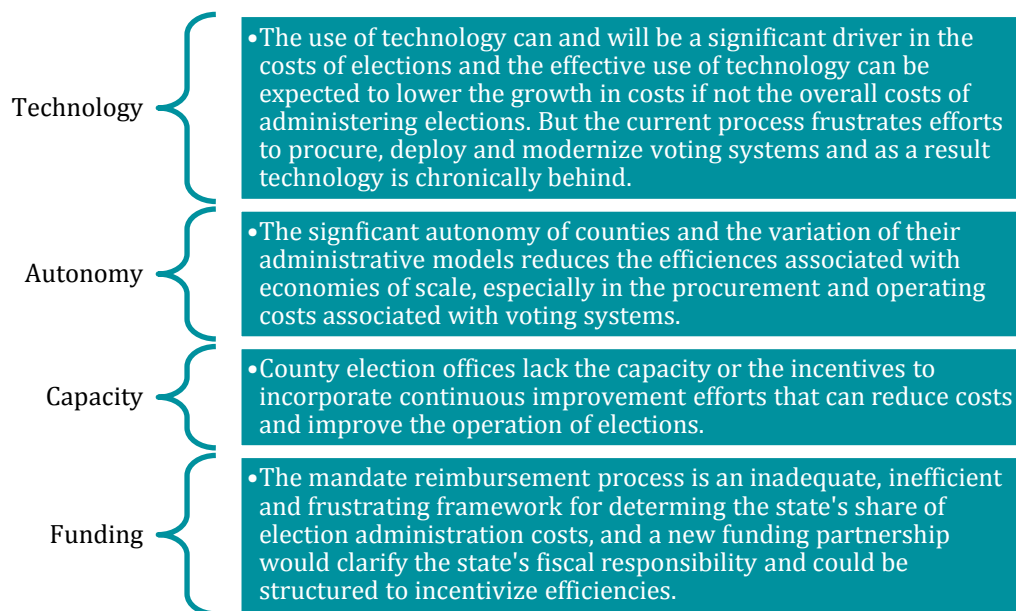
County officials and staff also frequently cited a variety of state requirements that prevented efficient operations or improvements. Among them: inflexibility of some aspects of voting system certification and procurement processes, lack of uniformity and consistency among administrative processes and varying interpretation of laws among counties preventing modernization.

The counties also identified some barriers to collaboration among counties, including the wide variation of voting systems and election practices.

Overwhelmingly, county officials identified a lack of reimbursement for special elections of state and federal offices as a significant and unpredictable financial burden, and the need to wait for the outcome of SB 450 before deciding to make any system changes.

VII. The Problems

In assessing the issues raised to identify funding options, four large financial drivers or variables emerged:



Technology Is Chronically Behind

Three major factors contribute to the current state of voting technology in California:

1. **Limited options.** Only three voting system vendors are certified in California and only one new voting system is approved for sale. This provides a limited number of options for counties and discourages competition in pricing and updating technology. Other concerns include a lack of transparency in reviewing source code and a lack of incentives for vendors to produce lasting products and to enable modifications and upgrades.
2. **Restrictive certification and procurement.** Recent legislation has made it easier for counties to explore alternative voting technology, but there is still more to be done to reduce barriers. Current certification and procurement processes are cumbersome and restrict the number of options available while inhibiting updates because discontinued parts cannot be replaced.
3. **Lack of funding.** There is no effective long-term funding mechanism for voting equipment in California. The last funding sources were the one-time federal disbursement of HAVA funds and California's \$200 million dollar bond that were allotted 14 years ago. There is no strategy in place to fund replacement of aging voting systems in the future.

The state's technology and procurement policies have long focused on preventing failures rather than enabling innovation. Procurement of voting equipment is further complicated by a certification process that is intended to ensure the security and integrity of the electoral process. While mitigating failure is important, procurement procedures also should encourage technologies that hold down the lifecycle costs of development, operations and maintenance; enable system-wide efficiencies; and provide a more enjoyable voting experience.

While the passage of Senate Bill 360 (Padilla) in 2013 allowed for the research, development and adoption of more innovative voting technology, more needs to be done for technology to play a larger role in efficient and modern elections. With one state-approved system and three vendors, counties have few options. The lack of competition reduces the pressure on vendors to lower costs or improve the value of their systems.

According to proponents of Open Source voting systems, the small number of vendors has effectively controlled the market and the costs – reducing options, transparency and the competitive pressure that would encourage vendors to improve the quality of their systems.

In light of deteriorating voting systems, few alternatives and little funding for counties to replace equipment, some counties have entered into lease agreements

with vendors. While this may save up-front costs, it can cost counties more over the long-term.

This is a significant problem that could get worse – or a time-limited opportunity to take a different approach: More than three out of four counties responding to CA Fwd’s survey reported needing to replace voting equipment within three to four years. Without viable options and ways to finance the systems, many counties may find themselves locked into expensive leasing contracts for sub-optimal systems.

Autonomy of Counties Reduces Efficiency

California’s tradition of local control has been an effective way to deal with the diversity and complexity of California’s regions, particularly as some have grown into major urban centers while others remain rural, resource-based economies.

California has 23 counties with fewer than 100,000 residents and nine counties with more than one million residents. But the tradition of local control also has complicated the delivery of services and the coordination of regional activities. For many Californians, the quality of public services is determined by the quality of local services. And this can have profound consequences to the democratic principles of equality under the law. While some have raised concerns about the variations among county-based election practices, this project was focused on the factors that can contribute to efficient and effective lessons as a prerequisite for a financially sustainable elections system. In that regard, the autonomy of the counties contributes to the following issues:

1. **Variety of practices.** The wide diversity of practices makes it difficult to assess regional or statewide challenges and develop effective responses. Every county operates elections in a slightly different way, using different formulas for cost allocation, reporting expenditures and revenues differently, and often using different equipment than neighboring counties. As a result, it is difficult to assess efficiencies – or even to benchmark costs across the counties. It is difficult to determine a formula with statewide applicability for reimbursing election costs – either by client local governments or the state.
2. **Culture of independence.** The autonomy also encourages a culture of “going it alone”, rather than one of collaboration to capture savings from economies of scale. When asked about collaboration in the survey and in regional discussions, county officials acknowledged that collaborative efforts were few and far between. While some of this was culture and habit, some of it was driven by the wide variety of voting systems, which is a consequence of near total local autonomy. One notable exception was partnering on voter outreach when counties share a media market and a second was a new shared mechanism for reaching out-of-country voters. Both collaborative efforts yielded more cost-effective solutions than if the counties operated on their own.

3. **Lack of collaboration for cost-savings.** The diversity and autonomy further reinforce a culture where counties work closely together on issues involving the state, but far less in terms of replicating best practices such as voluntarily standardizing procedures, or systematically working together to create opportunities for multi-county cost-saving efforts. *Since common voting systems may create opportunities for savings, counties could be developing partnerships and consortiums now while they are on the eve of a new procurement cycle.*

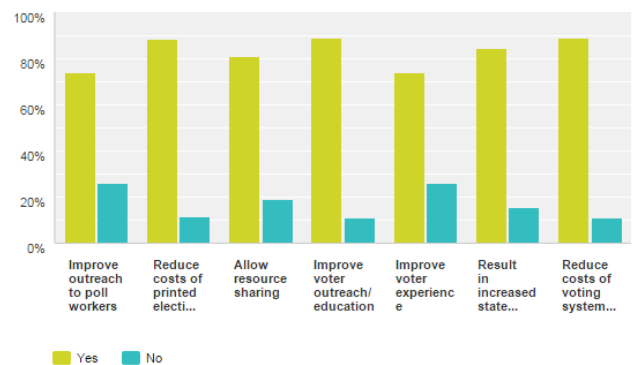
Importantly, county leaders expressed a strong desire to explore collaborations on a range of issues with nearby counties, counties of similar size or counties with a shared interest. The data reveal an opening to encourage cost-saving collaborations.

Often times the alternative to local control is characterized as statewide uniformity or centralized control. But California has demonstrated the power of multi-county collaborations. And as the state has pushed control of more policy and program decisions to local governments, a new model is emerging where counties work together to build the capacity to reduce costs and share results. As has been seen by the collaborative efforts of CACEO and the Future of California Elections, county election officials are more often working together for improved results. This new operating paradigm would be even more powerful if the state actively encouraged, incentivized and participated as a partner in helping counties develop the capacity for collaboration and continuous improvement.

While this has been an instrumental step forward, more can be done to encourage modernization of voting technology. For example, current statute does not allow administrators to replace broken voting system parts with ones from the same model in a later year. This means election officials must seek out the part from the year the equipment was manufactured (often times searching online) and if such a part is discontinued or unavailable, the entire system must be replaced. Certification and procurement procedures should be assessed for outdated, inconsistent, burdensome and irrelevant requirements to ensure the process is one that allows for the most effective, efficient and safe products available.

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

Answered: 27 Skipped: 6



Updating Certification and Procurement

In 2013, the Legislature passed Senate Bill 360 (Padilla) and it was signed into law. This bill helped streamline burdensome aspects of the certification process and allowed for the use of pilot projects and open source voting technology. SB 360:

- Allows certification and approval power to reside with the Secretary of State (SoS) rather than both the state and federal governments.
- Allows for use of the Voting Modernization Fund for voting equipment research, development and testing.
- Requires the SoS to publish voting system standards.
- Allows for voting system pilot projects.
- Allows for the use of a state-approved testing agency.

Counties Lack Capacity and Incentives for Improvement

Every county elections office has incurred budget cuts, and seen their budgets constrained by costs growing faster than revenues. Many county officials have figured out how to operate elections under waves of fiscal pressures – how to spend less money or to at least hold the line. As a result, they try to do the least harm possible when they have to cut budgets. “New money”, meanwhile, usually comes with a new task.

But enduring budget cuts is different than proactively improving how business gets done to increase efficiency and the quality of operations. At least three factors contribute to this condition:

1. **Prescriptive statutes limit flexibility.** From the perspective of the counties, much of their operations are defined in statute – sometimes in great detail. While the counties have significant autonomy in some aspects of their operations, prescriptive statutes contribute to a mindset that they are told how to do their job and don't always have authority to make improvements.
2. **Tradition inhibits change.** Similarly, election officials often feel that they are locked in by tradition – what elected officials, candidates and voters are used to doing. Any changes that might be visible to the public or stakeholders could trigger a negative reaction about an interaction with government that voters consider sacrosanct.
3. **Limited ability to measure success.** Few counties – in election administration and other operations – have the capacity for rigorous or data-informed continuous improvement. The county survey revealed only 18 percent of responding counties have a strategic plan for funding elections and only 32 percent have performance metrics to measure success.

As described above, *technology has the potential to make elections more efficient and more reliable. To capture some of those savings, counties will need to work together* with at least some other counties – either because of regional proximity, size, or both.

The ability of counties to routinely assess their business practices using lean management² or some other management tool is critical to implementing data-informed continuous improvement. A concerted effort to create a culture of continuous improvement would help individual counties – and enable a sharing of best practices and lessons learned among counties to accelerate the savings.

² Lean management is an approach to running an organization that supports the concept of continuous improvement; a long-term approach to work that systematically seeks to achieve small, incremental changes in processes to improve efficiency and quality.

The state has an interest in seeing improvements to all three factors. First, the state has an obligation to ensure that elections are conducted in ways that meet the standards of a modern democracy. Second, the state is dependent on county elections for its own operations – the Legislature, statewide offices, the initiative and the referendum processes. And third, the state is often a funder of last resort – as evidenced by the contemporary debate over voting systems.

The Mandate Process Muddies the State's Fiscal Responsibility

Even before the mandate reimbursements were suspended, the reimbursement process had become an inadequate and inefficient way to share financial responsibility. Among the challenges:

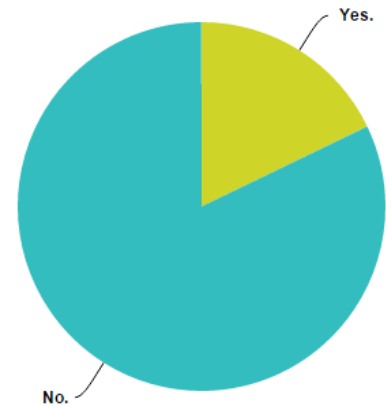
1. **More funding is needed.** As more counties come under increasing fiscal stress, it will become increasingly difficult for counties to operate effective election systems. Election officials must seek funding from both the county and the state budget processes, where their requests are seldom viewed as a high priority.
2. **Elections may limit access to budgeting process.** The budget process coincides with the election process every other year during the June primary so that county election officials literally are unable to participate in the budget process because they are running elections at that time.
3. **The state doesn't pay a "fair share".** A significant portion of election costs are associated with state offices and statewide ballot measures. But unlike other local governments that reimburse counties for the costs of their elections, the state does not.
4. **The mandate process isn't working.** The mandate process creates new conflicts and perpetuates old tensions between the state and counties – making it more difficult for the government agencies to work together to improve the elections system.
5. **Little incentive for improvement.** Without having a financial stake in elections administration, the state has no incentive to help counties reduce costs, improve operations or deploy better technologies.

The study, *Reassessing the State Mandates Problem in California*, discusses how addressing the mandate process will require repairing the antagonistic state-local relationship:

“This study concludes that the issues of high costs and process delays can be re-conceptualized as sub-problems stemming from a more fundamental problem that lies outside the mandates process – with the system itself and

Has your county developed a strategic plan to adequately fund election administration? If so, please explain.

Answered: 28 Skipped: 5

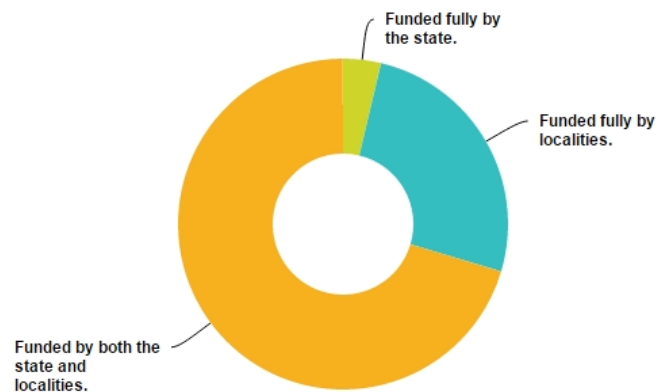


with the relationship between state and local government. This study suggests a two-part approach for addressing the mandates problem in our state: lawmakers must first improve the system and the relationships, and then modify the specifics of the mandates process as needed.” (Cruz, 2005)

It has become increasingly clear that a new funding model for elections is critical to improving the state-local relationship and the right funding model could support improvements to the administration of elections. The state has recognized its responsibility for bearing some costs of operating elections through the mandate process. This is also the case across the nation as 70 percent of states responding to CA Fwd’s survey shared some costs between state and local governments. *To ensure the integrity and viability of the future of the electoral process, it is time the state reassesses its role in funding elections and learns from other states to determine a fair share of costs.*

Are elections state-funded, locally-funded, or a combination of the two?

Answered: 27 Skipped: 0



VIII. The Path Forward



Pathway to Modernization

This analysis identified three variables that can have significant impact on the costs of elections – the use of technology, collaboration among counties, and the business practices within counties. If California builds capacity and develops incentives to positively influence those three variables, the state and its partners – the counties –

will over time deliver more cost-effective elections. California also will be better positioned to incorporate policies or practices that will make elections more accessible and reliable.

In other words, *for California to develop a new and effective funding model, the state will need to modernize some aspects of election administration and governance.* California has a much greater chance of developing a financially sustainable system if technology is appropriately deployed, if the state and counties are working collaboratively together, and if individual counties are increasingly efficient.

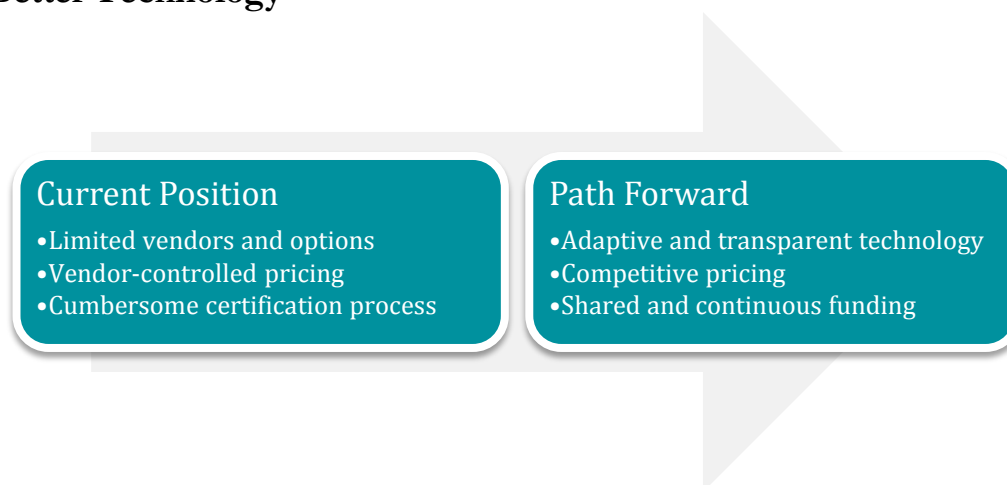
With those directional coordinates set, state and local policymakers can establish a new shared funding model that reflects and strengthens the state-local partnership and provides the right incentives for county election agencies to continuously improve their operations.

In the end, both the state and the counties are likely to spend less over time than they would otherwise, the fiscal requirements will be easier to manage, and the improved operations will support reliable, trustworthy and accessible election operations.

Increasingly, technology will be the dominant factor in a modern system. The state should determine how to evolve its approach to using technology before allocating and expending additional funds. The new approach will not only help determine how much money is needed, but how to share the costs between the state and the counties.

Similarly, if there is agreement on how the counties can pursue collaboration and continuous improvement, then state and policymakers can develop a sustainable cost-sharing model that provides the right incentives for continuous improvement.

Better Technology



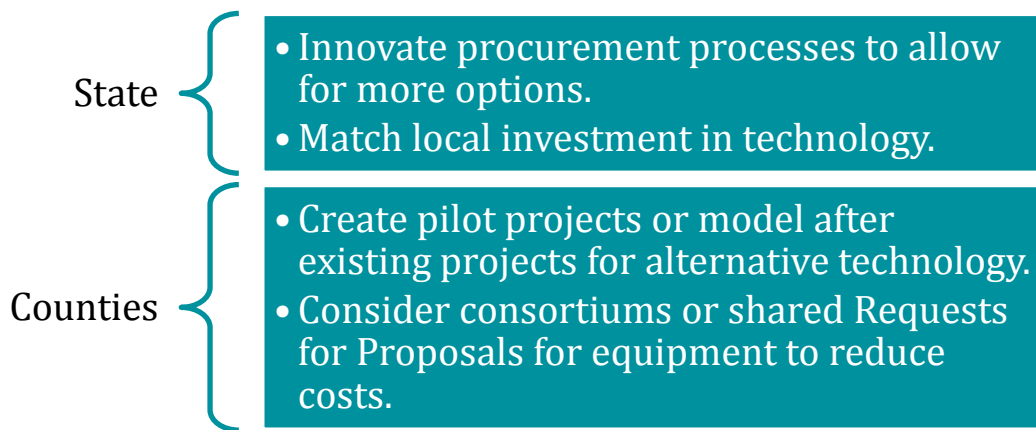
One of the most critical issues for election administration is developing a new approach to the procurement, funding and deployment of the next generation of voting system technology.

While this analysis did not explore those options, it is important for policymakers to understand that there are more options than there were a decade ago, and at least one alternative approach could address many of the long standing concerns about the current technologies, vendors and procurement practices.

A number of local governments – including Los Angeles and San Francisco counties – are looking to publicly owned open source voting technology as a cost-effective alternative to previous options and vendors.

The San Francisco Local Agency Formation Commission, in its *Study on Open Source Voting Systems*, concluded that the three companies currently offering certified systems in California provide limited options to counties. It found that open source technology may have the ability to be more transparent and the potential for cost-savings. It also found that developing software in-house may be expensive and time-consuming, there may be limiting factors in current election law, and the cost of knowledgeable staffing may be an issue.

Open Source voting system software comes in different types, including a range of options that allow for control over the availability of information; an overview of these may be found in Appendix C.



There also are different options to consider when developing open source systems, including a consortium model that would split the cost of development among participants, contracting with an outside developer, or building in-house. Consortiums and shared Request for Proposals (RFPs) among counties may be considerations for more cost-effective collaborations that take advantage of economies of scale.

While open source technology is one innovative approach to consider, the state and counties should explore a variety of technology and procurement options that may

better serve the public while being more cost-effective and efficient. Current procurement and certification rules leave counties with few choices or vendors to select from, and potentially giving price control to the suppliers. A more appropriate technological solution would allow competitive pricing, more voting system options for counties and increased transparency.

While policymakers are currently debating how much to allocate for the next generation of voting systems, the answer to these questions should be predicated on the result of a broader review of technology and procurement options that might provide higher quality at lower costs.

In addition, given the state's interest in the efficiency of voting systems and election administration in general, the state should consider how its financial support for the next procurement can be structured to provide incentives for continuous improvement at the county level, reduce the state's expenditures, and spread the costs and procurement over time.

Voting Technology Pilot Projects

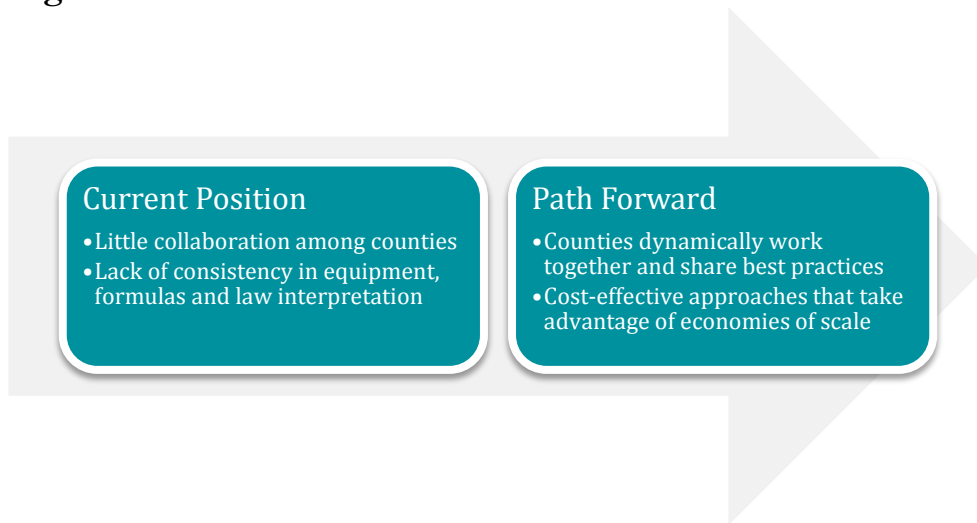
Los Angeles County, California:

The Voting Systems Assessment Project (VSAP) launched in Los Angeles County in 2009 with the goal of creating a more transparent and innovative voting system. Formed by LA County's Registrar-Recorder/County Clerk's office, VSAP received a \$150,000 grant to conduct initial research for their project. Partnering with the Voting Technology Project, VSAP took a heavily user-focused approach to the notion of an open source voting system; conducting countywide voter surveys, poll worker surveys, focus groups, and internal discussion groups. In addition, they conducted an Open Design Search, comprised of experts, designers, and members of the general public. The search aimed to determine what the public wanted out of a voting system, and which components would provide a stronger sense of legitimacy, accuracy, and transparency. Additionally, the Open Design Search initiated the conversation on how the Ballot Marking Device (BMD) should be designed. Their research concluded that a paper trail was still necessary for election accuracy, thus a link between paper and electronic ballot was deemed a key element of the voting process. As a result, VSAP's system is focused around a paper-ballot, as opposed to a completely electronic voting system. (Study on Open Source Voting Systems, Page 12)

Travis County, Texas:

In Texas, Travis County Clerk Dana DeBeauvoir has been working on developing the county's own voting system, dubbed the STAR Voting System. Travis County currently contracts with Hart Intercivic for election materials. The county purchased new Helping America Vote Act compliant voting machines in 2006, but County Clerk DeBeauvoir said they were simply buying "a second version of the same machine." Echoing the sentiments of other open source voting system proponents, DeBeauvoir felt the existing systems were outdated and lacked reliability and security. Travis County also performed extensive voter/user research, and their citizens panel and study group also reiterated the same concerns. Another group of Travis County voters, led by the Austin NAACP, filed a lawsuit against the county in 2006, alleging that the Hart Intercivic ESlate voting machines did not provide enough security and ability to audit due to a lack of a paper trail; the Texas Supreme Court dismissed the case in 2011. (Study on Open Source Voting Systems, Page 13)

Meaningful Collaboration



In addition to a new approach to technology, election operations can be more efficient and effective if counties find more ways to meaningfully collaborate.

The largest county in California has nearly 5 million registered voters, and the smallest has fewer than 800 – reason enough to provide counties with significant flexibility in the administration of elections. Local control is important to making sure diverse regions can meet their unique needs, such as the purchase and maintenance of voting systems that make sense for their geographies. But CA Fwd also found unrealized opportunities where collaboration among counties – and even with the state – would generate costs savings or system improvements.

For example, multi-county partnerships could be structured to capture economies of scale based on geographic proximity or common service requirements:

- **Regional Partnerships** could be formed among counties based upon geographic proximity for purchasing equipment and supplies at a reduced cost.
- **Service Collaboratives** could be formed by counties based upon shared needs. For example, counties with similar language requirements could jointly purchase ballots at a reduced cost.

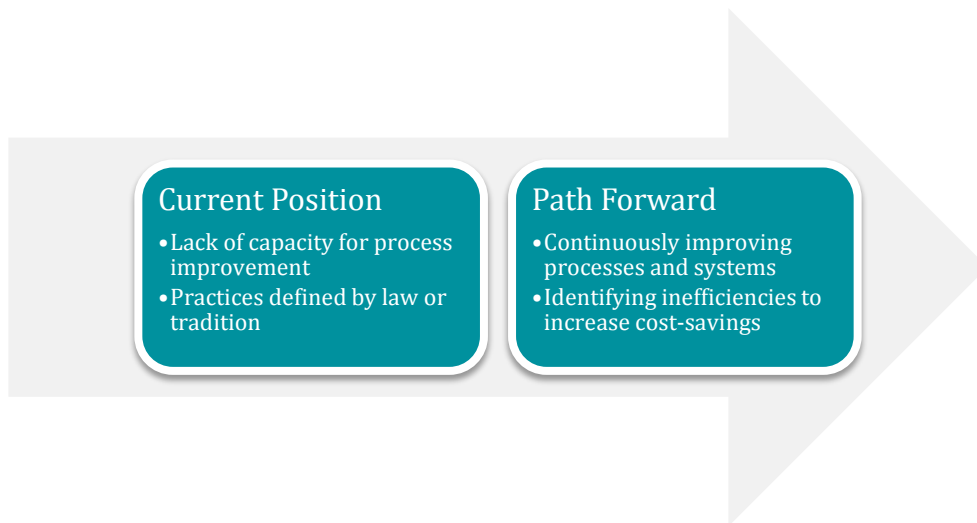
The California Association of Clerks and Election Officials (CACEO) is one potential platform that if expanded and given adequate resources could help to develop these collaborative opportunities.

The state has an interest in counties developing these collaboratives as a means for saving money and developing new business practices that could improve elections administration. The state could encourage these collaborations by identifying

specific opportunities and convening county leaders to develop them into actionable projects. The state also could provide a financial incentive for counties to develop collaboratives – such as in the purchasing, maintenance and operation of election equipment. The need to replace equipment and the emerging willingness of the state to finance equipment presents an opening for the state to encourage the kind of voluntary collaboration that can respect regional diversity and local control while capturing savings.



Continuous Improvement



In addition to technology and collaboration, CA Fwd identified the potential to improve the efficiency and effectiveness of elections through proactive process re-engineering.

Generally speaking, most state and local agencies have not developed strong internal capacity to assess practices and develop cost-effective approaches to service delivery. Lean management and similar methods can be applied to elections administration in

ways that not only reduce fiscal pressures, but that also can reduce errors and increase the simplicity of operations.

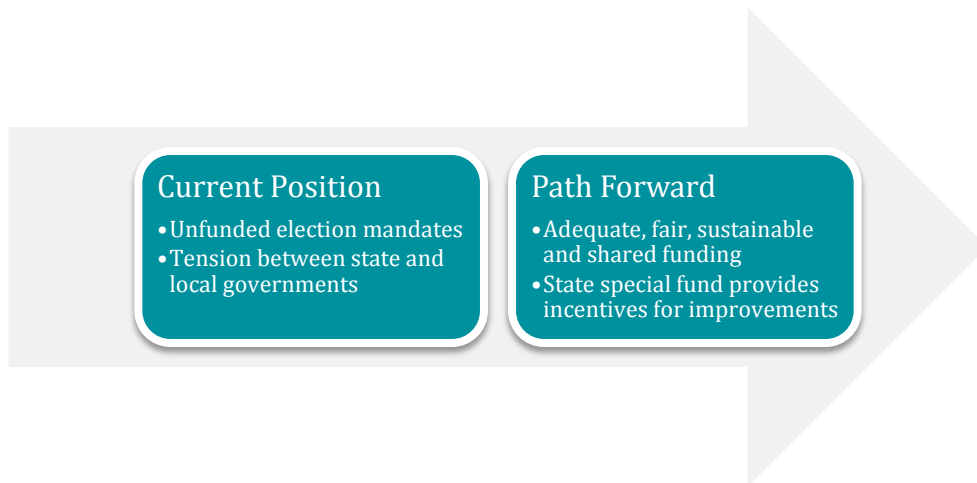
The lean management system is already implemented in Contra Costa County, where significant cost-savings were realized. The savings were passed on to local jurisdictions, as well as to the county general fund. By looking at the processes in place and determining which elements could be improved, Contra Costa was able to reduce vote-by-mail counting time by 800 percent, reduce overtime by 800 percent, decrease the temporary employee cost by 400 percent and make ballots less expensive overall. These cost savings allowed for more effective resource allocation, which in turn resulted in more savings. Additionally, the county election official reported that changes in timing increased the quality of work, resulted in less stress and more accuracy. An overview of the county's system changes can be found in Appendix F.

As with technology procurement and inter-county collaboration, the state has an interest in encouraging counties to build this capacity to control costs and to improve the reliability of election administration. The state could help organize trainings, document innovations and share them among counties, and feed those lessons into multi-county collaborations. The counties, working through CACEO could do the same, or do it in partnership with the Secretary of State.

The state also could provide a financial incentive for process improvement. For example, the state could establish a special fund and match the savings realized by counties to jointly finance technology improvements.



Sustainable Funding Partnership



The state has two significant opportunities to help pay for elections in ways that over time will improve the efficiency and effectiveness of elections administration, be the foundation for a positive and constructive partnership with counties, and potentially reduce its long-term liabilities: 1) Develop a formula for the state's share of elections; and, 2) Create a special fund for technology procurement that also incentivizes improvement among the counties.

More than 40 years after SB 90 and almost 40 years since Proposition 13, it is time for the state and counties to replace the long-standing feud over funding with a new partnership that reflects obligations, responsibilities and the imperative of efficient, accessible and reliable elections.

The state is reliant on county election offices, and as in most other states, the state of California should compensate the counties for that service.

As mentioned in the State Perspective section above and detailed in Appendix A, there are a variety of ways other states share costs for elections. Some state formulas are based on the number of registered voters in counties, and at least one state formula is based on the percentage of the physical space on the ballot dedicated to state candidates and issues. The state and counties could develop a formula that reflects the formulas used within counties. Regardless of the structure, ***California should replace the mandate reimbursement process with something similar to the policies in place in many other states by directly sharing in the operational expenses of elections.***

In doing so, the state also has an opportunity to proactively increase the value of new technologies and capture the efficiencies and quality improvements that can be generated by collaboration among counties and improved business practices. As a funding partner – and as a partner in good governance – the state has a direct interest in the efficiency and quality of elections administration.

The new state-county funding formula should be informed by cost analysis being prepared by the *Election Cost Project* (Appendix D). A uniform way of tracking costs also could inform collaborations among counties to find efficiencies, and help counties benchmark their own process improvement efforts.



The second opportunity is for the state to create a special fund for purchasing technology. The fund could match county investments, and be structured as an incentive for counties to achieve efficiencies – and to fund their own procurement accounts with the savings. For instance, the state could capitalize the fund over a two-year basis with \$100 million per year, providing \$200 million total.

Prior to determining a funding mechanism and source for the state’s participation in elections, an important first step is to determine the activities that are of state interest and that should be funded by the state on an ongoing basis.

Establish a special fund for elections modeled after an existing proposal. In a 2014 report by the Legislative Analyst’s Office (LAO) titled *The 2014-15 Budget: Pilot Program to Improve Property Tax Administration*, the LAO recommended a pilot project with modifications to 1) ensure each county has the same fiscal incentive to participate, 2) provide participating counties greater funding certainty, 3) promote representative and consistently measured results, and 4) potentially increase near-term state savings. This proposal for property tax administration represents a feasible model for funding elections that is structured as an incentive for continuous improvement.

Washington State, for example, has addressed the need for long-term funding for voting systems, while allowing counties to choose and require little additional state effort. According to statute and regulations in Washington, all responsible jurisdictions – including the state – are included in cost allocation for elections including indirect costs and equipment depreciation fees. In anticipation of ongoing maintenance and replacement costs, depreciation fees are placed into a revolving fund at the county level dedicated to voting equipment expenses. More information on this can be found in Appendix E.

These revolving funds allow counties to carry over funds and build up balance, providing consistent and predictable revenue for voting systems. They also give counties the ability to rely less on state funding and more latitude in deciding when and how systems will be replaced.

IX. Conclusion

As lawmakers and stakeholders discuss and create policies for the future funding of voting systems and elections as a whole in California, it is important to ask the right questions in the right order. The custom has often been to fight for a piece of the proverbial “budget pie” and then decide how to divvy it up among the counties.

Alternatively, policymakers can define the future they want for elections – including how technology is used to strengthen democracy by making it easy for every voter to vote, and how state and county officials should work together to make that vision a reality. Based on a model with the capacity to control costs and improve quality, the state and counties can agree on a funding model that provides reliable funding and encourages and rewards the needed improvements.

It is important to capitalize on this pivotal moment of increased attention on voting systems and interest in electoral reform. This is an opportune time in California’s history to implement a framework to modernize elections. It seems crucial to make sure tax dollars are well-spent on ongoing progress and improvement rather than one-time allotments that will leave us having the same conversations again in the future.

Implementing policies that improve the overall functioning of election administration, that repair government relationships and encourage continual improvement is an essential step toward a more equitable and sustainable election administration system, and may have reverberating effects on restoring public trust and perhaps even increasing voter turnout.

Appendix A - State Survey Data

A. Responsibility Sharing

Discovering which entities take on what aspects of election administration was important in establishing what frameworks exist between state and local governments. Survey responses indicate the vast majority of states that responded have shared fiscal responsibility, with 19 out of 27 (70 percent) of states describing election administration as being funded both by state and local governments. Additionally, 7 out of 27 (26 percent) states identified election administration as being fully locally-funded, while only New Mexico identified their system as being fully state-funded.

This joint division of fiscal responsibility was once the case in California; however, since the suspension of state election mandate reimbursements for counties, the system is better described as primarily locally-funded. The state does provide a statewide voter registration database and some outreach, however almost all other aspects of election administration are funded at the local level.

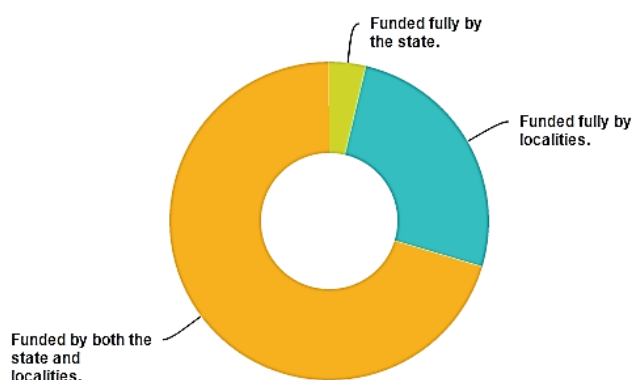
In addition to identifying who pays for what, CA Fwd sought to determine how election services and activities were divided among state and local governments. The breakdown is in the chart to the right.

Responsibility for specific election services and activities vary widely from state to state. A majority share outreach activities and leave staffing and ballot printing to the local level. The only aspect that is consistent among states is that approval of voting equipment is a state-level responsibility.

For the responsibilities designated as shared, the survey asked how these were divided among the state and local governments. There are rarely formal divisions of responsibility between entities, which leaves a patchwork based on state and local statutes, codes and laws. Generally speaking, staffing for state offices is a state responsibility while staffing for localities is a local responsibility. Training materials are often provided by the state for local governments, but are not always made mandatory. Voter outreach seems to be shared fairly evenly between the state and localities, as well as producing materials and information for voters.

Are elections state-funded, locally-funded, or a combination of the two?

Answered: 27 Skipped: 0



Which election services are considered state, local, or shared responsibilities?

Answered: 24 Skipped: 3

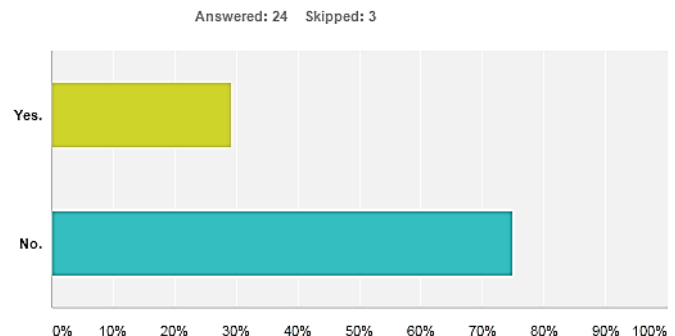


There are trends that seem to transcend many states; however, there are also exceptions. For example, there are differences in staffing and training among some states. Maryland provides all staffing, training and support at the state level, while Vermont leaves this not only to counties, but to local jurisdictions within those counties. North Dakota shares these responsibilities between entities with the state providing training and the county paying for staff and poll workers. In California, counties are responsible for all staffing, training and ballot printing, and the only solely state responsibility is approving voting systems. The state and counties do share some voter outreach and must cooperate in the procurement of voting systems, with the counties deciding which machines they will purchase and the Secretary of State approving of machines and purchases.

The take home message is that every state has a different way of administering elections and sharing responsibilities between state and local governments, and often these vary from locality to locality within each state.

When asked if election responsibilities are shared with other entities such as departments, boards or commissions, 75 percent of states indicated that they are not. Of the states that said they did share responsibilities, they indicated that ballot counting and reporting were done by county commissioners and canvassing boards. It should be noted that this is actually the case in most states, and interpretation of this question was likely varied. One of the more unique examples is Florida; its canvassing boards additionally consist of the chair of the board of county commissioners and a county court judge.

Do election officials share election-related responsibilities with other officials, departments, boards or commissions? If so, please specify which entities share election-related responsibilities.



B. Funding Methods

In California, the state government requires counties to perform certain election-related activities, such as requirements for the disabled and absentee ballots. These are called mandates, and according to the state constitution when they are imposed on counties the state is required to reimburse for the cost of these mandates. The study recognized that not every state has a mandate system and aimed to discover the methods by which election administration is funded elsewhere.

The survey asked states whether or not election activities are mandated to localities, and if so, whether localities are reimbursed for the costs of those mandates. Overall, states that responded indicated that their legislatures had passed laws regarding how localities should operate elections; however, these are not often funded by the state aside from special elections with federal and/or state candidates on the ballot. Of the states that have systems to provide funding for localities for the cost of election administration, there are different methods of doing so. These can vary by

percentage of eligible or active voters, amount of space on the ballot, number of measures or candidates, type of mandate or activity and occasionally one-time expenditures. This shows the widespread variation throughout the nation, no one state that responded to the survey had the same method for administering or funding elections as another.

North Dakota illustrates how complex cost-sharing can be when describing voting system funding and training: “The cost of the voting machines is paid for by the state. The cost for programming the machines is paid for by the counties. The cost for maintaining the machines is split between the state and the counties. Any cost for programming that is for the centralization of data is paid for by the state. All software systems used by the entire state is paid for and maintained by the state. The cost for statewide and regional election training is paid for by the state.” This does not even include other aspects of election administration.

A common form of cost-sharing among responding states involves local governments paying for most election expenses up front and then seeking reimbursement in some form the state. In Hawaii, counties incur the costs of elections up front and then receive applicable reimbursements which are made at either 100 percent, 50 percent, or a prorated amount of the cost of administering the election. These reimbursements are based upon the population and how many registered voters are in each county. The state pays for half of the cost of voting systems and the remaining half is distributed among the counties based on number of registered voters. The state purchases supplies up front and charges counties for their share of the cost. This is also true of Alabama where the state reimburses counties for half of election costs when there is a combination of federal and/or state measures along with local measures, and all of costs when there are no local measures on the ballot. Typically, reimbursements from states to counties require a process of submitting documentation of costs and claims for reimbursement.

The reimbursement process is different in Colorado for a variety of reasons, one being that counties are reimbursed automatically without having to send in a claim. The state pays the full cost of odd-year statewide elections with no county candidates or ballot measures. For other elections, the state reimburses the county based on the number of active voters in that election immediately after the polls close. More specific formulas will be discussed in the next section.

Another unique system for cost-sharing is in Georgia, where there is a uniform statewide touch screen voting system purchased by the state that must be used by all 159 counties in the same way. The state funds the Center for Election Systems through Kennesaw State University, which builds ballots and collects data for counties at no cost. Each county in Georgia is responsible for budgeting most of the variable costs associated with an election. This includes the cost of employing poll workers, printing of paper ballots, and other similar costs. These budgets are submitted to a county commission annually and funded by the county. The costs associated with ballot building and preparing the electors list for the electronic poll books are absorbed by the Center for Election Systems and are considered a fixed annual cost. These costs are incurred by the state and not passed on to the counties.

New Mexico is more centralized in funding elections than most states that responded, with the state paying for all voting supplies, systems and ballots. The state uses a voting system revolving fund, the only example of a fund of this kind in the survey. The voting system revolving fund was created by the legislature in order for the Secretary of State to pay for hardware, software, firmware, maintenance and support of voting systems in the state. Counties in New Mexico are responsible for paying poll worker per diem and upfront costs for some mandates such as Native American polling places and workers, but are reimbursed by the state for those costs.

Oregon uses an apportionment formula for sharing costs in election administration. The counties track expenses in broad categories such as personnel, printing, postage, supplies, et cetera. After the election, the expenses are combined into a cost total and then billed to the state and local jurisdictions based on a pro-rata share of measures or candidates on the ballot.

In addition to understanding the methodologies and formulas used to share costs, the survey sought to discover from which sources funding is derived. Overall, the majority of responding states indicated state and local funding for election administration is derived from their respective general funds. Local general funds are typically funded by taxes such as property. Occasionally, states indicated HAVA funds remained from the 2002 federal disbursement, and those may be used to fund voting system replacement and maintenance as well as other election administration needs. The most notably different source of funding for election administration is in Colorado, where it is derived from business license fees. This has allowed a significant source of funding for elections; however, this is currently under court contest (NFIB vs. Williams) as Colorado's Tax Payer's Bill of Rights states no tax or fee can be collected for one reason and used for another. The outcome of this case will set a precedent and determine whether or not counties will need to find alternative sources of funding.

C. Funding Formulas

In launching the Election Funding Project, CA Fwd was interested in discovering the different methodologies used in sharing election administration costs between state and local governments. Of the states that indicated a formula was used to share costs between the state and localities, no two states were exactly the same. This is once again an example of the significant variation among states.

In Colorado, the state reimburses counties for some of the costs of elections aside from the odd-year general elections in which the state pays the full cost. The state reimburses the county based on the number of active voters in that election; that formula is \$.90 cents per active voter in counties with less than 10,000 voters, and \$.80 cents for more than 10,000 voters.

Louisiana state pays 75 percent of state elections, while the remaining 25 percent is divided by a pro-rata share between local jurisdictions. If there is not a state measure

or candidate on the ballot, local jurisdictions pay all election costs. The state pays the costs up front, then seeks reimbursement from localities under the cost-sharing formula (75 percent/25 percent). Local jurisdictions pay their share to the state rather than to the localities because the state advances election costs.

Arizona uses a flat rate model similar to that of Colorado. Originally, the law was amended in 2012 requiring the state to reimburse counties for the full cost of special elections and presidential primaries, however that law was overturned and now the state reimburses counties at \$1.25 per registered voter.

In addition to having different formulas for sharing costs between the state and local governments, there are also a variety of ways costs are divided among counties and local jurisdictions within counties. States were asked if counties charge jurisdictions for the cost of administering elections, and if so, how this was done. Many responded that methodologies and formulas vary from county to county, and were not able to provide more than a high-level understanding. Typical formulas include counties charging jurisdictions based on a percentage of the number of measures or candidates on the ballot, by the number of registered or active voters, or by a percentage of direct costs.

Once again, the complexity involved in election administration is apparent in Wyoming's response, "For special district elections conducted in conjunction with other elections, the special district may be required to pay only those expenses reasonably attributable or allocable to the district's participation in the election. Municipal elections not held concurrently with statewide elections - municipality bears the expense of the election; special municipal elections - poll lists, paid by the municipality, are obtained from the county clerk. Cost of school or community college district elections: cost of election or equitably proportioned shares of concurrent election as determined by county clerk shall be paid by the appropriate board from the funds of the school district or community college district."

Most states that responded did not have formal formulas, and of the states that did there was a lack of consistency among localities in using the formula. One unique formula that emerged from the survey can be thought of as a "ballot real estate" model. In Minnesota, counties can charge local jurisdictions using a cost allocation formula: (total election costs) X (percentage of voters in jurisdiction) X (percentage of jurisdiction's total column inches on ballot). Counties measure the amount of ballot space a jurisdiction's candidates or measures take up on the ballot and multiply that by the percentage of voters and total election cost in order to determine what local jurisdictions should pay for the cost of election services.

D. Collaboration

CA Fwd was particularly interested in discovering examples of collaboration between state and local governments. Existing collaborative models may be a foundation for effective, efficient and sustainable funding models in California. Overall, 46 percent of responding states indicated an example of collaboration between entities exists.

The survey revealed a few examples of localities partnering to purchase supplies and equipment for a group discount. One example is in Alabama, where some counties partner together to put in bid requests for voting equipment. Additionally, some Arizona counties order voter registration forms and other supplies together for a reduced price.

A larger scale example of using purchasing power is in Kansas, where the four largest counties in the state are collaborating on a Request for Proposal (RFP) for new voting equipment. When the population of a county reaches a certain threshold, a separate elections office is created and the official is appointed rather than elected. These counties have decided to collaborate in purchasing voting equipment to receive cost-savings and a more consistent voter experience. The RFP for this equipment has been written to allow other counties in the state to be able to purchase from it; the Election Assistance Commission and Kansas state government helped to proof the RFP. This is an example of a “service collaborative” which involves partnerships with counties that are not geographically next to one another, but have shared needs.

According to Oregon’s election official, some counties have a “continuity of operations plan” where resources are shared between counties when needed. In addition, cooperative purchasing exists via a purchasing co-op in the northwest, which allows counties to purchase off of an existing contract.

In Maryland, election administration was made more centralized at the state level in 2001 following the Bush v. Gore presidential election. Along with changing to a uniform statewide voting system, counties also began reporting their supply inventory monthly and the state decides how to distribute resources to align with needs and surpluses. According to the chief election official in Maryland, this top-down system allows the state to take advantage of economies of scale, avoid material waste, share resources, reduce financial burden on counties, assure proper spending of funds, and provide a consistent voter experience.

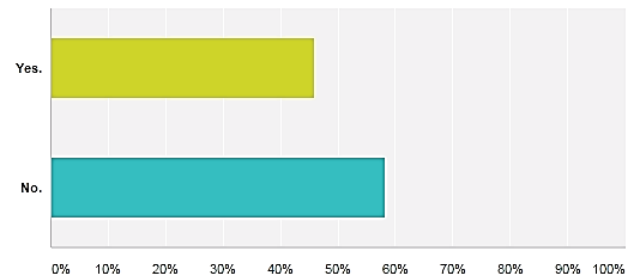
E. Challenges

In addition to surveying states regarding how election activities are shared and funded, CA Fwd’s survey also sought to discover what election officials thought about the adequacy, reliability and equity of the current election administration model in their state. When election officials were asked to rate their overall agreement that the model in their state addresses those three aspects, results were varied.

Election officials were then asked what would make election administration in their state more adequate, more reliable and more fair, along with what obstacles or

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.

Answered: 24 Skipped: 3



challenges stand in the way of making improvements to the current system. Comments indicated lack of funding for elections was one of the biggest challenges to achieving adequate, reliable and fair election administration. Several states noted that more funding overall was needed, as well as the desire for entities involved to pay their “fair share” rather than having costs borne by counties. When asked about potential solutions, these included reliable funding for voting systems and maintenance, training, voter registration and mandates. Some states discussed the desire for ongoing federal funding, while others noted reduced budgetary restrictions would allow for more flexibility. Some expressed a desire to find alternative methods for funding voting systems in light of the deterioration of systems across the nation, including dedicated voting system funds, low-interest loans, leasing through vendors and more centralization of state financing systems.

Aside from insufficient funding, other obstacles stand in the way of states adequately, reliably and equitably administering elections. These include determining the actual cost of elections, inconsistent data collection and reporting, counties’ lack of willingness to work together, the hindrance of statute and law, and the need for legislative action for change to be implemented.

F. Data Collection

Data collection and reporting are essential to understanding the actual cost of administering elections. Often states do not require counties to keep track of these costs in a meaningful way, leaving an unclear concept of what election administration is costing counties and taxpayers. Some states have implemented systems that address this issue. Colorado has the interactive ACE database which has detailed numbers and statistics on election costs in the state, including infographics. The ACE database allows one to see the overall costs of elections, cost per voter, and cost by geographical location. This detailed data collection and mapping allows the public and government to understand trends, such as the increased costs for small, rural counties to conduct elections compared to the relatively low costs of large, urban counties. This database requires a streamlined budget reporting process allowing for comparability across counties.

Another example is the detailed Wisconsin Election Data Collection System. According to their website, “The Wisconsin Election Data Collection System (WEDCS) is an online database for municipal clerks to report election statistics within 30 days of each statewide election, or within 45 days of a general election. Statistics include the number of voters, voter registrations, types of voting equipment used, and election costs.” In 2008, Wisconsin was one of five states that were awarded grants by the U.S. Election Assistance Commission. The state received two million dollars aimed to improve Wisconsin’s ability to collect usable data at the local level.

Another data collection tool being used by multiple states is called the Election Registration Information Center (ERIC), a nonprofit organization with 18 state members and the District of Columbia. ERIC collects and disseminates state data

for states to “improve the accuracy of America’s voter rolls and increase access to voter registration for all eligible citizens.” California is not currently a member of ERIC.

A concurrent study also funded by The James Irvine Foundation is reviewing election cost data in California. The California Association of Clerks and Election Officials is working with county registrars to develop a database of election administration costs in order to develop a clear picture of what it costs to operate elections.

G. Voting Systems

In light of increased attention toward the future of voting systems, CA Fwd’s project aimed to understand how states acquire and implement systems. There is a spectrum across the U.S. with some states allowing local governments to choose a variety of different voting systems, and others having more centralized, uniform voting systems. There is also a spectrum of methods for funding these systems. Many states take California’s approach of local control where counties are free to choose voting equipment that is approved by the Secretary of State, and pay for the costs associated with purchasing and maintaining it. According to CA Fwd’s state survey, there are also several examples of more centralized state-level voting systems throughout the nation.

Colorado is beginning a Uniform Voting Systems Project (UVSP) which will have one vendor and tabulation system for the whole state and will create a common contract for all counties. This project has not received state funding and will be the responsibility of the counties. However, according to Colorado’s state election official, the treasurer is considering low-interest loans paid over time for counties. The Legislature has been asked to set aside funding to partially fund the project.

As mentioned earlier in this report, Georgia also has a more centralized voting system. All 159 counties use the same system uniformly, which is produced via the Center for Election Systems out of Kennesaw State University and is funded by the state. According to the executive director of The Center for Election Systems, a statewide assessment of equipment (over 40,000 pieces) was recently conducted, and the equipment is at 97 percent readiness level for the 2016 cycle. The system has been in continuous use since 2002 and has supported over 6,500 county elections.

Similarly in Louisiana, there is a uniform statewide voting system that is maintained by the state, as well as a special account to fund voting equipment which is operated by the state treasury. Maryland also follows a similar model, where uniform voting systems are selected and acquired by the state, then funded half by the state government and half by counties.

Hawaii is yet another example of uniformity in voting equipment; however, rather than purchasing systems the state leases voting systems through one vendor and

produces uniform ballots. Maintenance, vote counting and ballot printing are included in the contract with the vendor.

Appendix B - County Survey Data

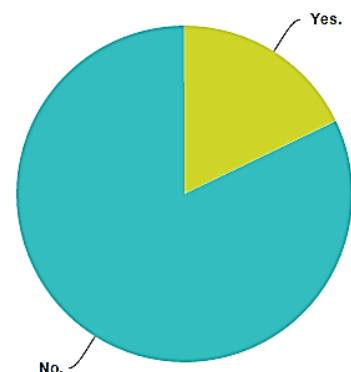
A. Strategic Planning

California county election officials were asked whether there was a strategic plan in place to adequately fund election administration. Responses revealed that approximately 18 percent of responding counties reported having a strategic plan, while 82 percent did not. Of the counties that did have a plan, some examples were provided:

- Inyo County created an Elections Innovation Fund which had accumulated about \$80,000 to replace voting systems.
- San Luis Obispo County discussed process improvements such as comparing actual costs against budgeting and competitive bids for supplies.
- Orange County has a budget planning process with a five-year strategic plan.
- Marin County uses strategic budgeting based on previous elections.
- San Diego County uses a General Management System (GMS) which includes strategic planning for county operations.
- Los Angeles County has a departmental strategic plan and addresses election administration through their budgeting process.

Has your county developed a strategic plan to adequately fund election administration? If so, please explain.

Answered: 28 Skipped: 5



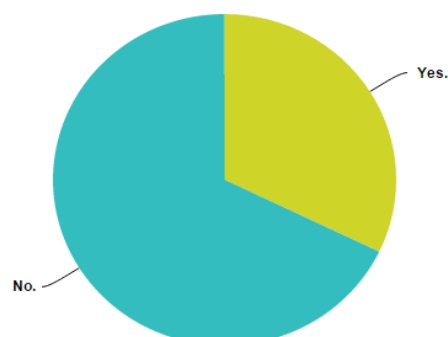
B. Performance Metrics

County election officials were also asked whether performance metrics were in place to assess the success of election administration in their county. Approximately 32 percent of respondents reported having performance metrics; however, these metrics vary:

- Napa County assesses based on voter turnout.
- Sacramento County measures the number of accessible polling places and poll workers in training.
- San Luis Obispo assesses based on the cost per registered voter, cost per vote-by-mail voter, voter turnout, polling place look up hits online and vote-by-mail look up hits online.
- Orange County measures based on percentage of goals met or exceeded.

Has your county adopted performance metrics for election administration? If yes, please identify what criteria is used to measure performance.

Answered: 28 Skipped: 5



- Kern County measures by ballot processing time.
- Calaveras County measures monthly and yearly goals and performance standards through evaluations.
- Marin County uses Managing For Results (MFR) to identify initiatives, discuss achievements and quantify and measure goals.
- San Diego County measures customer satisfaction, election night tallying, recruitment, vote-by-mail processing costs, registration processing costs and other data points.
- Los Angeles County uses a system called Lean Six Sigma Process Improvement Initiatives which include post-election inspector surveys and report cards, online poll worker training data, an election calendar and a task management task board.

C. Local Jurisdiction Cost Allocation

All counties in California charge local jurisdictions for the cost of operating elections through a cost allocation formula or methodology. Each county does this in a slightly different way; however, most charge based on the number of measures or candidates, registered voters, jurisdictions, or polling places.

- Inyo County calculates direct prorated costs based on actual costs incurred, excluding staff time.
- Mono County calculates a prorated share of costs based on the number of items.
- Colusa County tracks staff time and incorporates it into a prorated share of direct costs.
- Kings County calculates costs based on the number of registered voters and the number of jurisdictions.
- Plumas County calculates actual costs in addition to applicable overhead, which includes staff time and equipment use.
- Sacramento County uses a board of supervisors-approved fee schedule based on previous elections.
- San Luis Obispo County calculates a prorated share of costs based upon the number of polling places, candidates and measures.
- Kern County allocates one third of total costs by ballot type and by registered voter.
- Calaveras County calculates costs based on the number of registered voters.
- Yolo County bills direct costs.
- Siskiyou County calculates a prorated share based on the number of jurisdictions.
- Santa Cruz County itemizes costs, directly bills when possible and prorates indirect costs based upon voter turnout.
- Orange County calculates costs based upon the prorated share of actual costs and indirect costs.
- Riverside County calculates a prorated share of costs by number of registered voters and polling places.

- San Diego County uses a weighted average formula for special local elections based on actual costs.
- Los Angeles County calculates costs based upon the number of registered voters, precincts, vote-by-mail requests, ballot groups, sample ballot pages, voter recorder pages and candidates through pre-determined calculation formulas.
- Alpine County calculates costs based upon weighted rate and time.
- Nevada County charges \$1.25 per registered voter in special districts and direct costs to school districts.

D. Policy and Funding Challenges

Election officials were asked which policy and funding challenges they face in administering elections in their county. About 84 percent reported that state mandates and laws as well as a lack of state funding and support are challenges. Approximately 52 percent indicated that a lack of local funding was an issue, and 48 percent pointed to federal funding and support as well as state regulations as challenges.

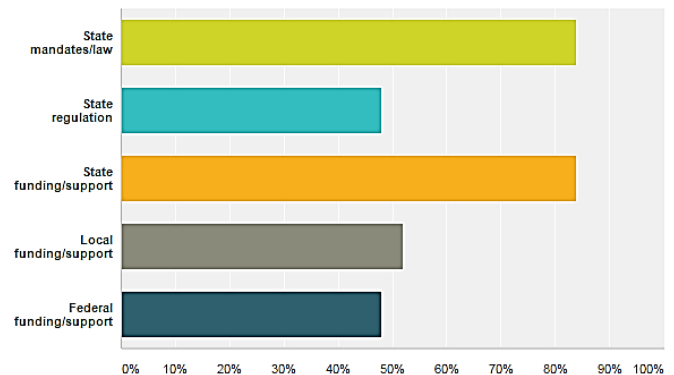
Some counties provided feedback on specific examples of policy and funding challenges. Many expressed the need for state reimbursement for special elections in particular as well as the need for funding for voting system replacement. Others suggested that new laws and regulations should include funding for implementation. A few expressed concern that the electoral process is becoming increasingly at risk as it continues to be underfunded.

Election officials were also asked which practices were already in place that other counties can benefit from; the following examples were highlighted:

- Sacramento County's board of supervisors fee schedule and budgeting.
- Nevada County's flat fee for special districts and school districts.
- Kern County's automation and process changes which have reduced costs over six years.
- Yolo County's collegial relationship with the board of supervisors.
- Riverside County uses nonprofit postage to reduce costs.
- Los Angeles County's shared Requests for Proposals, purchasing agreements and multi-jurisdictional competitive grants.

Identify policy and funding challenges to election administration in your county. Please provide examples where possible.

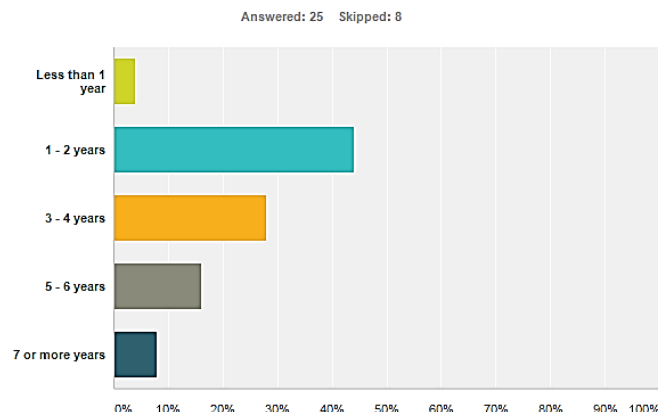
Answered: 25 Skipped: 8



E. Voting Equipment

CA Fwd's county survey indicated that 76 percent of responding counties need to replace voting equipment within three to four years and 44 percent of those within one to two years. The consensus among most responding counties was that there is a need for aging voting systems to be replaced and little funding to do so. At the time of this study, two counties had developed special funds for the purchase of voting equipment; however, most were unsure of how to fund systems going forward. Many also indicated a desire to consider implementing uniform voting systems.

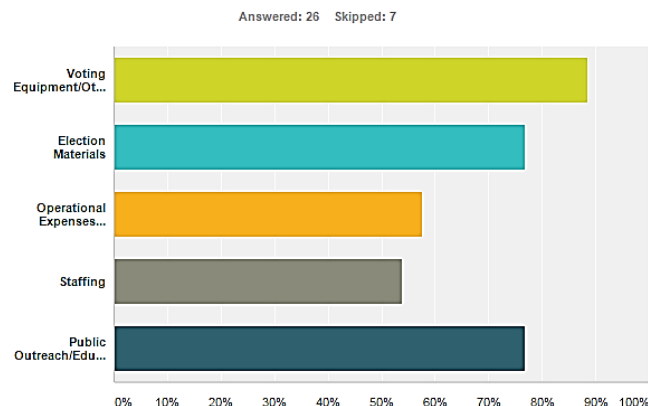
Please estimate how long before voting systems in your county need to be replaced.



F. Where Funding is Needed

About 88 percent of responding counties indicated voting equipment would benefit from more funding, and 77 percent indicated election materials and public outreach and education would benefit from increased funding. Some counties responded that additional funding is also needed for staff, building space and infrastructure.

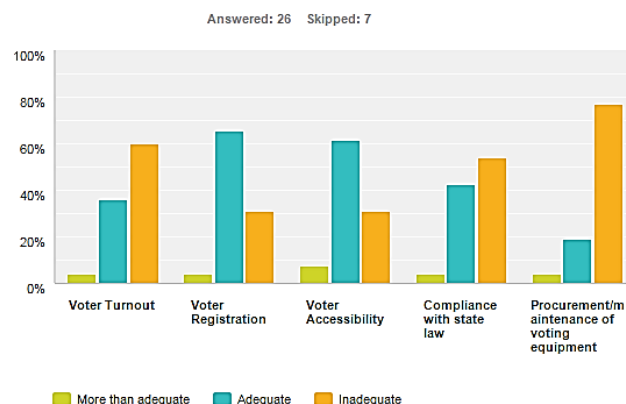
What areas of election administration in your county would benefit from more funding? Select any that apply.



G. Adequate Funding

When asked about the adequacy of funding for election services, 77 percent of responding counties indicated that funding was inadequate for voting systems and 60 percent responded that there was inadequate funding for voter turnout and outreach. In particular, some counties expressed concern that funding can sustain current low voter turnout but may not be enough if turnout increases in the future.

Does the current state-county funding model adequately provide funding for the following:

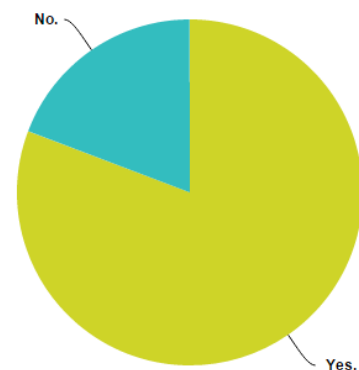


H. Alternative Funding

81 percent of counties surveyed indicated an interest in exploring alternative funding methods for elections. When asked to rank the importance of certain qualities, counties indicated the reliability and adequacy were most important in a prospective funding model. Among the options listed, block grants, categorical grants, matching funds, bonds, competitive grants and revolving funds were of interest. Low-interest loans were not highly rated as options

Is your county interested in exploring alternative methods to fund election administration?

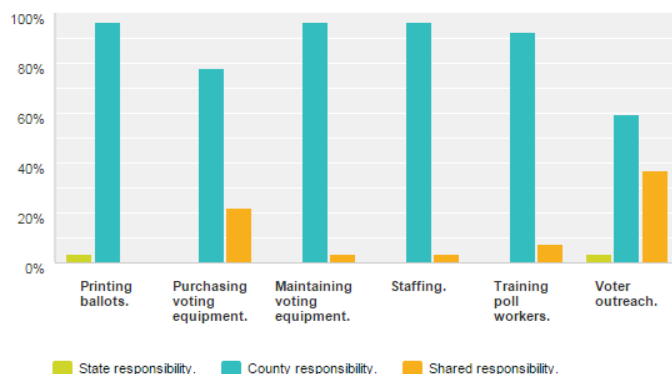
Answered: 26 Skipped: 7



I. What Is vs. What Should Be

When administering state-related elections, which election services ARE state, county, or shared responsibilities?

Answered: 27 Skipped: 6



When administering state-related, which election services SHOULD be state, county or shared responsibilities?

Answered: 27 Skipped: 6



Most responsibilities are decided and carried out at the local level. When asked how these responsibilities should be divided among entities, counties indicated a more equitable division of labor. Many counties indicated voting equipment should be a shared cost and that all parties involved should all pay a share.

J. State Assistance

Counties were asked how the state could be of assistance beyond funding to make election administration more efficient and effective. Responses to this varied among the counties:

- Streamline processes to purchase voting equipment
- Provide flexibility in selecting polling places and drop boxes
- Pass legislation to remove vote-by-mail voters from polling place formulas
- Allow counties the option of implementing all vote-by-mail elections

- Use data other than the census to determine ballot languages
- Upgrade technology
- Provide more training to election officials
- Streamline certification and procurement processes in a timely manner
- Increase state support for outreach and education
- Upgrade laws and statutes for modernized voting systems
- Create an “Election Academy” for training
- Facilitate consistent interpretation of election laws
- Create uniform standards for election functions such as petition verification, registration processing, candidate filing, etc.

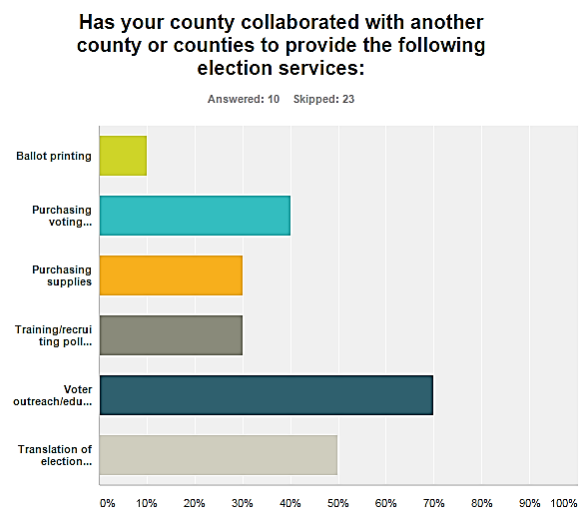
Counties were also asked how the state could provide voting system assistance other than increased funding, responses included:

- Create programs for publicly-owned, open source voting systems
- Update laws and statutes to accommodate new technology
- Speed up the approval and certification processes
- Provide recommendations for voting system choices to counties
- Develop a department that works with design, testing, procurement and maintenance of voting systems
- Retain experts on the use of voting systems
- Consult with election officials before creating new laws
- Collaborate with counties
- If systems are decertified by a new administration, the state should be responsible for the cost of new systems
- Provide flexible and timely regulation adoption
- Authorize pilot projects
- Expand the market of available products, systems and services

K. Collaboration

When counties were asked whether or not they collaborate with other counties for election services or activities, examples were limited. One example included several counties forming a consortium called Bay Area Votes to take advantage of a shared media market for voter outreach. Also, many counties have agreements to allow for use of equipment should failure occur. Generally speaking, meaningful collaboration is minimal among counties. Registrars cited several difficulties in collaborating:

- Timing and agreement
- Distance
- Resources
- County size and scale



- Demographic differences
- Planning and coordination
- Communication
- Differences in purchasing policies
- Differences in law interpretation
- Lack of uniformity in voting systems and voter registration practices
- Differences in vision and opinion

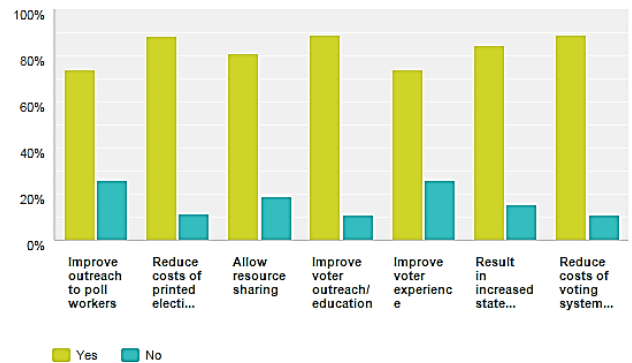
Despite these difficulties in successful collaboration, there is significant interest in doing so if the benefits are clear. About 88 percent of responding counties indicated there should be more collaboration among counties in election administration.

L. Alternative Funding Framework

Overwhelmingly, counties felt California should adopt an alternative funding framework for elections with 96 percent agreeing or somewhat agreeing.

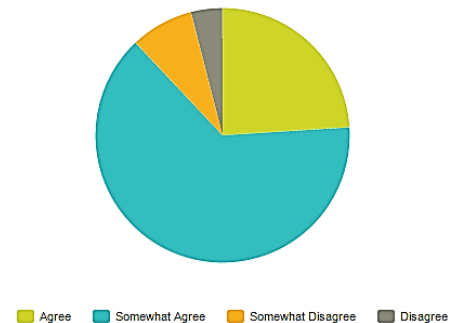
Would your county be interested in forming partnerships or collaborations with other counties if doing so would:

Answered: 27 Skipped: 6



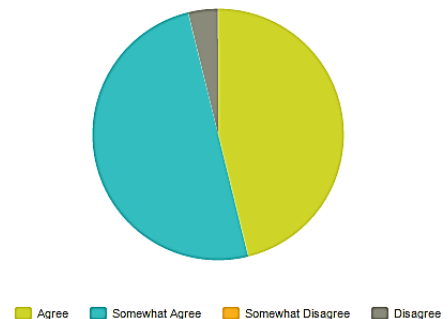
Do you agree with the statement, "There should more collaboration between counties when providing election services and procuring election equipment"?

Answered: 25 Skipped: 8



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

Answered: 26 Skipped: 7



Appendix C- Study on Open Source Voting Systems

Below is a portion of the final report of the San Francisco Local Agency Formation Commission's Study on Open Source Voting Systems.

Study on Open Source Voting Systems

Definition of Terms

The following terms relate to open source voting system technology and will be used frequently in this report. For readers who are unfamiliar with open source technology, the following terms have been defined in order to avoid any confusion while reading this report. Any mention of the following terms, unless otherwise noted, will always refer to the intent and meaning as defined below:

Blended voting system: A voting system that incorporates components from more than one vendor or certified system.

Closed source: A term applied to software meaning that it is not open source. Also known as proprietary software.

Copyleft: A term that applies to when open source software is modified that those modifications must also remain open source.

COTS hardware: Commercial off-the-shelf hardware. Units that are already available in stores and can be commercially purchased, such as iPads, windows tablets, scanners, etc.

Disclosed source: A term applied to software meaning that the source code is publicly viewable. Such software can be either proprietary or non-proprietary.

Hardware: The physical part of election material—ballot box, tablet, etc. Controlled by the software.

Open source: A term applied to software meaning that the source code can be freely viewed, used, modified, and shared by the public.

Software: The program that is installed on to the hardware, controlling how the hardware functions.

Source code: The computer programming code that controls how the software functions.

Executive Summary

This report serves as an objective comparison of existing proprietary voting systems and a proposed open source voting system. The following also provides background

information on open source voting systems and current projects taking place in other counties. Additionally, remaining questions and concerns regarding the development of an open source voting system are discussed.

While there is no complete open source voting system in place anywhere in the country, two counties are in the process of developing their own voting system that may become open source systems: Los Angeles County, California, and Travis County, Texas. Additionally, there are various organizations that have been in existence for years now, dedicated to the development of open source voting system technology. These agencies provide invaluable information on how to approach the development of an open source voting system, and which areas require more time and effort.

Based on research surrounding current open source voting system projects, along with extensive interviews with various election and computer software experts, officials from Los Angeles and Travis County, the California Secretary of State's office, and San Francisco Department of Elections office, LAFCo was able to conclude the following:

- In studying current proprietary systems, LAFCo learned there are only three proprietary companies that have certified systems to choose from in California, providing extremely limited options to counties.
- Several ongoing voting system projects can be adopted, and provide an opportunity for the CCSF to expedite the development of an open source voting system, if the CCSF chooses to develop their own voting system.
- In the past, security flaws have been discovered in machines from proprietary companies, resulting in the Secretary of State's decertification of these systems until they made improvements. While no one can reasonably claim that open source would be more secure than proprietary systems, advocates are firm in expressing open source and disclosed source software and technology is neither more or less secure than closed source or proprietary software.
- Proponents claim the adoption of an open source voting system provides a possibility of saving money and creating more innovative voting systems. For example, existing proprietary voting systems do not currently provide all desired ranked choice voting functionality; our current system with Dominion only allows the public to rank their top three candidates, instead of allowing them to rank all of the candidates. The adoption of an open source voting system provides an opportunity to improve the way ranked choice voting takes place in the CCSF.
- Transparency and security are key components in open source voting system proposals. Advocates claim an open source voting system would be more transparent than a proprietary system, and the transparent nature of open source systems increases security; signs of insecure code could be spotted by security or tech-savvy members of the public.

- The development of open source voting systems takes a considerable amount of time, money, and effort, most of which is undeterminable at this point.
- There are several boundaries and limits to how a new voting system would function, based on California election law. That is not to say laws could not be changed, but if CCSF is to embark on creating a new system it would need to do so using the laws as they are at the time of creation of the new system and not on hope that laws will get changed.
- CCSF staffing is a key component that needs to be addressed in open source voting system proposals.

In regard to the breadth and scope of the conducted analysis, it is important to note that a complete open source voting system does not yet exist anywhere in the country; as such, the exact costs of developing the system are undetermined, and there is a lack of empirical evidence surrounding the success of open source voting systems.

Overview of Systems

A. Existing Voting System with Dominion

Budget:

The CCSF has contracted with Dominion since 2008. The up-front cost of the system was \$9.64 million in 2008. This included the hardware purchase (\$6.53 million); the software purchase (\$1.40 million); and installation, training, and warehouse improvements (\$1.71 million). This works out to \$10.65 million in 2015. In addition to the up-front costs, there are per-year costs. In a year with two elections, the per-year cost is \$1.38 million; in a year with one election the cost is \$883,700. These figures include hardware maintenance (e.g. parts and repairs) and software licensing fees, as well as fees for personnel and election services, logistical support, and Election Day preparation and operation (ballot layout, services management, staffing, transportation costs, on-site tech support, etc).

After 2016, the total cost of voting system related expenses over nine years (combining up- front and per-year costs) is expected to be \$19.69 million, which includes \$8.16 million for hardware and \$2.86 million for software. This averages to \$2.19 million per year when spreading the up-front and per-year costs over the nine-year lifetime of the system. If the CCSF had used the system only for the originally anticipated six years (four years with options to extend two additional years), the cost per year would have been \$2.67 million per year. If the system had been used only for the original contract length of four years, the cost would have averaged to \$3.45 million per year.

By extending the life of the current system from the original contract length of 4 years to 9 years the average cost per year for hardware; election services; and

maintenance and license fees per year has gone from \$3.45 million a year to \$2.19 million per year.

Until now, the CCSF has had at least one election every year. However, recent changes indicate that no election is scheduled in 2017, and every four years thereafter. The DOE's contract with Dominion expires on January 1, 2017; therefore no payments are currently scheduled with the company after that date. Since this is the first time the CCSF will have a non-election year, the details surrounding what funds (if any) the DOE would need to spend—whether they work with a proprietary system or open source voting system—are unknown at this time.

Ballot tabulation:

Currently, ballots that are submitted by mail and in-person are marked the same way; voters mark their vote on a paper ballot by completing the arrow to indicate their choice in each category. For in-person voting at polling places, non-provisional voters feed their marked ballot into a precinct-based scanner called the Insight purchased from Sequoia (which was acquired by Dominion in 2010). The Insight scans and tabulates ballots as they are inserted.

Vote-by-Mail (VBM) ballots are either mailed to the DOE or dropped off in person. These ballots are verified and then scanned by Dominion's Optech 400-C central count optical scan machine. The scanner was originally produced by Sequoia and ES&S systems.

Concerns about current system:

Proponents of open source voting systems raise several concerns regarding the proprietary nature of this voting system:

- 1) Transparency. The source code, which determines how the voting system machines are run, is unknown to the public. There is no way to confirm that the system is free of serious security vulnerabilities. Additionally, the type of election reports that are available and their data format is limited to what the vendor has decided to implement.
- 2) Innovation. There are only three companies that produce certified voting systems in California: Dominion, ES&S, and Hart Intercivic. Proponents of open source voting systems argue that this lack of options creates little to no competition, and as a result the voting systems in place are outdated. Counties are "locked in" to contracts with these systems and cannot make any changes to the software unless the proprietary company decides to make those changes.
- 3) Obsolescence. Furthermore, several computer experts expressed their concerns that the current system in place will "term out" in 5 years, meaning the software and hardware components will become obsolete, as the parts are so old they are no longer in production. This would result in the county having to purchase brand new machines, or look for spare parts in other parts of the globe. For-profit companies selling proprietary software do not have an incentive to make their products last.

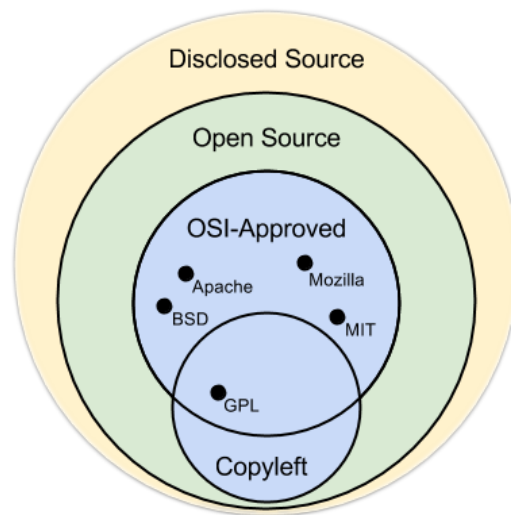
- 4) Cost. California spends an estimated \$100 million per year to run elections, averaging to about \$10 spent per ballot. As previously mentioned, the CCSF spends roughly \$2.2 million per year for Dominion's hardware, software, and services, averaged over the 9-year lifetime of the system. This figure does not include the cost of ballots, poll workers, and other miscellaneous costs to run elections. Proponents of open source voting systems argue that their new system would save counties millions of dollars in the long run, since the software would be free to all jurisdictions once developed. In this sense, there is an economy of scale. Once the system is developed and certified, San Francisco would need to pay only for COTS hardware and election services. In addition, Dominion charges San Francisco per election for services to use its equipment. With a non-proprietary system, San Francisco would not be limited to a single vendor for services, opening up the possibility for more competitors and lower costs. Since the design and operation of open source software is public, any company could potentially provide services for that equipment – not just the company with the internal knowledge of how it works. San Francisco could even act as its own vendor.
- 5) Security. Former Secretary of State Debra Bowen ordered a top-to-bottom review of the major voting system companies in 2007, instructing a team of computer software experts to perform a security review and examination of all the major voting system companies at the time (Hart Intercivic, ES&S, Sequoia, and Diebold). ES&S did not submit its system for review and the other three company's products were deemed defective and unacceptable and that time² and had their certification revoked until they made the recommended improvements to the system. Sequoia, the company the CCSF partnered with at the time of the reviews, has since gone out of business and the CCSF has replaced their services with Dominion. The Dominion system that CCSF uses is not the same system that was tested in Secretary Bowen's review; there is no record of any security review of Dominion systems but it did go through a full source code review was established by the Secretary of State's office. While there are testing labs that are tasked to inspect proprietary voting systems, a conflict of interest exists. Secretary of State Bowen did have an independent review established by the University of California system to ensure that issues that may occur from the federal level did not occur at the state level. Professor David Wagner was the lead researcher on Secretary Bowen's top-to-bottom review, and testified before the Committee on House Administration and Elections Subcommittee in 2007.³ In his testimony he stated: "Testing labs are paid and selected by the vendor who makes the equipment being tested, [so] they are surely aware that withholding approval too frequently might send vendors to competing testing labs with a reputation for more lenient treatment... Unfortunately, at present there are few checks and balances that can be used to hold testing labs accountable if they fail to serve the public interest. In the long run, source code disclosure might help to ensure that the process is effective by holding testing labs accountable in the court of public opinion if they approve systems with obvious defects in the source code.

- 6) Inflexibility. With the current system or any proprietary voting system, if San Francisco desires even a small change to its system, San Francisco would have to go through its vendor. In particular, San Francisco would need permission from the vendor and would not be able to “shop” the costs around. With an open source system, San Francisco would be able to make changes without such approval and could benefit from more options (though any change would require recertification).

B. Proposed open source voting system

Supervisor Scott Wiener authored Resolution No. 460-14, which urges the CCSF to “work with other jurisdictions and organizations to create new voting systems using open source software; and to study the feasibility of the City and County of San Francisco developing and using a new voting system, either whole or in part, through a collaborative model like the Los Angeles County Voting Systems Assessment Project.”⁵ The resolution was subsequently adopted by the Board of Supervisors on December 9, 2014 and approved by the Clerk of the Board on December 10, 2014.

Open source can fall into different types or categories as the chart below demonstrates. The most well-known are the OSI-approved licenses, which are approved by the Open Source Initiative (OSI) group. Some more well-known examples of OSI-approved licenses are listed in the chart, but there are many more. A copyleft license means that if somebody makes changes to the open source software, then those changes must also remain open source for all. Without copyleft, someone could make changes and put additional restrictions, like making it closed or disclosed source. While not necessarily open source, a disclosed source system achieves some similar attributes of an open source system such as availability of the public to review the system, but it keeps the ability to use or modify the system with the person or group who developed it.



Appendix D – Election Cost Project

In January 2014, the California Association of Clerks and Elected Officials was granted funding from the James Irvine Foundation to undertake the endeavor of determining the cost for each of the counties in California to hold an election; to find an “apples to apples” method of cost comparison across counties; and ultimately to provide transparency of election cost data to benefit lawmakers, the public, and the counties themselves. To fulfill this task, the CACEO drafted a comprehensive survey which includes Direct Cost Categories, detailing costs associated with staff Salaries and Services & Supplies, a, Election Technology survey to record hardware and software purchased by counties since 2004, and an Election Profile to give context to the reported costs.

The CACEO then charged California’s 58 counties with recording their costs for every statewide election since 2004. As of April 2016, 47 counties have participated in the project. Please note that participation is voluntary, and due to varying county staff sizes, access to decade-old data, and other factors, not all counties have been able to participate at this point. Please also note that not all counties track their costs to the extremely high level of detail called for in the survey. Therefore, not all data is available for every county, as respondents were asked not to estimate costs to maintain the integrity of the dataset as a whole.

Appendix E – County Elections Equipment Cumulative Reserve Fund

Chapter 4.73

4.73.010 Name of fund.

There is hereby created a special revenue fund named Elections Equipment Cumulative Reserve Fund.

(Added Ord. 89-140, November 13, 1989).

4.73.020 Purpose of fund.

The elections equipment cumulative reserve fund is established to accumulate monies collected by the county auditor’s office for conducting elections, maintaining voter registration files and producing a local voters’ pamphlet. These monies represent a portion of the billings that is intended to recapture the cost of equipment and software purchased and used in conducting elections, maintaining voter registration files and producing a local voters’ pamphlet by the county auditor. The money in this fund will be used to purchase equipment, hardware, durable supplies and software used by the county auditor's office for elections, voter registration and local voters’ pamphlet operations.

(Added Ord. 89-140, November 13, 1989; amended by Ord. 02-029, eff. date July 10, 2002).

4.73.030 Fund operation.

The funds collected by the county auditor's office for the purposes described in SCC 4.73.020 shall be deposited in the elections equipment cumulative reserve fund. Any unspent monies shall be carried over within the fund from year to year. The ending fund balance and anticipated revenues shall be budgeted annually in conjunction with the county budget process prior to any expenditure from the fund.

(Added Ord. 02-029, eff. date July 10, 2002)

4.73.040 Fund resources.

RCW 29.07.030, 29.13.045, 29.13.047 and 29.81A.070 authorize the county auditor to recapture the prorated cost of conducting elections, maintaining voter registration files and producing a local voter's pamphlet. The billing process for recapturing these costs allows for an overhead charge to be placed on all direct costs associated with conducting elections, maintaining voter registration files and producing a local voters' pamphlet for other governments. The monies representing this overhead charge shall be deposited in the elections equipment cumulative reserve fund for the purposes described in SCC 4.73.020.

(Added Ord. 89-140, November 13, 1989; amended by Ord. 02-029, eff. date July 10, 2002).

4.73.050 Fund manager.

The county auditor or his designee shall be charged with the responsibilities described in SCC 4.05.050.

(Added Ord. 89-140, November 13, 1989; amended by Ord. 02-029, eff. date July 10, 2002).

4.05.050 Responsibilities of fund manager.

Fund managers shall be responsible for: assuring that expenditures do not exceed appropriations as formally adopted by the county council, positive cash flow is maintained, contractual obligations do not exceed budgeted appropriations or actual revenues for a fiscal year and maintenance of sufficient documentation in order to justify requests for long or short term financing of ongoing operations or capital acquisition related to a fund.

(Added Ord. 86-025, April 2, 1986).

Appendix F - County of Contra Costa Management Practices

In an interview with an election official from the County of Contra Costa, the lean management practices used were outlined. On a broad level, officials began by asking "why". By understanding why processes were occurring in a certain way, Contra Costa was able to determine how to redesign practices in more efficient and effective ways. Some of the questions asked include:

- Why does it cost this much to run an election?

- Why is so much being spent on overtime?
- Why are there so many temporary employees?

By understanding how much was being spent and why, Contra Costa County was able to develop ways to be more cost effective. One example was the ballot printer used. It was determined that the printer was driving up the costs of equipment, labor and polling places, among others. By changing ballot printing practices, new processes were more cost-effective; equipment costs were reduced by half, the amount of time to count vote-by-mail ballots was reduced by 800 percent, and ballots were cheaper overall. These cost-savings allowed the Registrar to allocate resources more effectively elsewhere, which in turn resulted in more cost-savings.

Another process that was streamlined involved filing deadlines. The reason the county had significant overtime and significant temporary employees occurred as a result of deadline “crunch” times for statement filing and precinct determination. By pre-determining precincts the county was able to conduct many processes in advance, including recruiting poll workers, training, determining polling places and preliminarily designing the ballot. This allowed for a 400 percent reduction in temporary employees and an 800 percent reduction in overtime. Additionally, reports of stress significantly decreased.

Appendix G - State Survey Questions

Q1: Does the following statement from the Election Reform Report by Electionline.org and the Constitution Project, still accurately describe the election administration system in STATE? If not, please explain in detail.

Q2: Are elections state-funded, locally-funded, or a combination of the two?

Q3: If costs are shared by both the state and localities, how is this done?

Q4: If your state provides funding to localities for election administration, what is the methodology or formula used? Please explain in as much detail as possible.

Q5: Do local election administrations charge other local municipalities (cities, school districts, other special districts) within their jurisdiction for election services? If so, please explain how those charges are determined.

Q6: Has your state legislature mandated election activities to counties? If so, are these mandates reimbursed by the state?

Q7: Which election services are considered state, local, or shared responsibilities? (Printing ballots, purchasing voting equipment, approving voting equipment, staffing, training poll workers, voter outreach)

Q8: For the shared responsibilities, how are they divided among the state and localities?

Q9: 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.

Q10: Do election officials share election-related responsibilities with other officials, departments, boards or commissions? If so, please specify which entities share election-related responsibilities.

Q11: If special elections are used to fill vacancies, are these elections funded differently than other elections?

Q12: Does the state draw upon the general fund or a special fund for election services? (If special fund, is it funded by a tax or fee?) If the state does not provide assistance for local elections, what source of funding do local agencies use to support election services?

Q13: To what extent do you agree with the following statement? “There is general agreement between the state and localities that the current funding model is adequate, reliable, and fair.”

Q14: What would make the way election administration is funded in STATE, more adequate?

Q15: What would make the way election administration is funded in STATE, more reliable?

Q16: What would make the way election administration is funded in STATE, more fair?

Q17: What are the obstacles or challenges that stand in the way of making those improvements?

Q18: Please provide any additional information you think is valuable in understanding how election administration funding functions in your state, and that was not addressed above.

Q19: May we contact you in the future for clarification or more detail regarding this survey?

Q20: Contact Information:

Appendix H - County Survey Questions

Q1: Please provide your contact information.

Q2: Has your county developed a strategic plan to adequately fund election administration? If so, please explain.

Q3: Has your county adopted performance metrics for election administration? If yes, please identify what criteria are used to measure performance.

Q4: Please indicate which sources of funding are used to support election administration in your county. Select any that apply.

Q5: Does your county provide election services to jurisdictions within the county? If so, what formula or methodology is used to determine service charges?

Q6: Are special elections funded differently than other elections in your county? If so, please explain.

Q7: Identify policy and funding challenges to election administration in your county. Please provide examples where possible.

Q8: What aspects of your election administration funding strategy could benefit other counties if adopted?

Q9: Please estimate how long before voting systems in your county need to be replaced.

Q10: Is your county preparing for the procurement of new voting systems and other election equipment?

Q11: How has your county been impacted by the suspension of reimbursements for state election mandates? Select any that apply.

Q12: What areas of election administration in your county would benefit from more funding? Select any that apply.

Q13: Does the current state-county funding model adequately provide funding for the following:

Q14: If the state adopts an alternative funding model for election services, please indicate which characteristics are most important to least important for your county. (1=most, 5=least)

Q15: Is your county interested in exploring alternative methods to fund election administration?

Q16: If the state begins exploring new alternatives to replace the state mandate framework, what is your level of interest in the following alternative funding options?

Q17: When administering state-related elections, which election services ARE state, county, or shared responsibilities?

Q18: When administering state-related, which election services SHOULD be state, county or shared responsibilities?

Q19: How important should state assistance or funding in the following areas:

Q20: What can the state do to assist your county in becoming more effective and efficient in election administration?

Q21: Other than providing funding, how else can the state and/or federal government assist in the procurement of voting systems?

Q22: Has your county collaborated with another county or counties to provide the following election services:

Q23: What are the challenges in collaborating with another county or counties?

Q24: Would your county be interested in forming partnerships or collaborations with other counties if doing so would:

Q25: Which of the following entities have you worked with in the past to assist in election responsibilities?

Q26: Do you agree with the statement, “California should adopt a different framework for state-county election funding?”

Q27: Do you agree with the statement, “There should more collaboration between counties when providing election services and procuring election equipment?”

Q28: Please provide any additional information not addressed above.

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