

**D38I01**  
**State Board of Elections**

***Operating Budget Data***

(\$ in Thousands)

	<u>FY 16</u> <u>Actual</u>	<u>FY 17</u> <u>Working</u>	<u>FY 18</u> <u>Allowance</u>	<u>FY 17-18</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$5,911	\$8,438	\$8,534	\$96	1.1%
Adjustments	0	823	-13	-837	
<b>Adjusted General Fund</b>	<b>\$5,911</b>	<b>\$9,261</b>	<b>\$8,520</b>	<b>-\$741</b>	<b>-8.0%</b>
Special Fund	13,154	13,941	12,042	-1,899	-13.6%
Adjustments	0	0	-1	-1	
<b>Adjusted Special Fund</b>	<b>\$13,154</b>	<b>\$13,941</b>	<b>\$12,041</b>	<b>-\$1,900</b>	<b>-13.6%</b>
Federal Fund	295	204	85	-119	-58.4%
<b>Adjusted Federal Fund</b>	<b>\$295</b>	<b>\$204</b>	<b>\$85</b>	<b>-\$119</b>	<b>-58.4%</b>
Reimbursable Fund	5,666	5,342	0	-5,342	-100.0%
<b>Adjusted Reimbursable Fund</b>	<b>\$5,666</b>	<b>\$5,342</b>	<b>\$0</b>	<b>-\$5,342</b>	<b>-100.0%</b>
<b>Adjusted Grand Total</b>	<b>\$25,026</b>	<b>\$28,749</b>	<b>\$20,646</b>	<b>-\$8,103</b>	<b>-28.2%</b>

Note: Includes targeted reversions, deficiencies, and contingent reductions.

- The fiscal 2018 allowance for the State Board of Elections (SBE) contains a deficiency appropriation of \$823,200 in general funds, a portion of which includes expenses attributable to fiscal 2016 rolled into fiscal 2017. The deficiency is for one-time expenses. The additional funds are intended for legal fees (\$251,388) and to restore funds that were inadvertently reverted in the fiscal 2016 closeout process (\$571,812).
- After accounting for the deficiency and a statewide reduction in pension costs, the adjusted fiscal 2018 allowance decreases by \$8.1 million, or 28.2%, compared to the adjusted fiscal 2017 working appropriation. This is driven by decreases in the Major Information Technology Program of \$6.8 million (\$1.4 million is special funds and \$5.3 million in reimbursable funds). Reimbursable funds are budgeted in the Major Information Technology Development Project Fund in the Department of Information Technology allowance.

Note: Numbers may not sum to total due to rounding.

For further information contact: Jared S. Sussman

Phone: (410) 946-5530

***Personnel Data***

---

	<b><u>FY 16 Actual</u></b>	<b><u>FY 17 Working</u></b>	<b><u>FY 18 Allowance</u></b>	<b><u>FY 17-18 Change</u></b>
Regular Positions	41.80	41.80	41.80	0.00
Contractual FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Total Personnel</b>	<b>41.80</b>	<b>41.80</b>	<b>41.80</b>	<b>0.00</b>

***Vacancy Data: Regular Positions***

Turnover and Necessary Vacancies, Excluding New Positions	0.71	1.69%
Positions and Percentage Vacant as of 12/31/16	2.00	4.78%

- Budgeted turnover expectancy decreases from 2.53% to 1.69% in the fiscal 2017 allowance.
- As of December 31, 2016, SBE has a vacancy rate of 4.78%, or 2 positions.

## ***Analysis in Brief***

---

### **Major Trends**

**Early Voting:** The number of voters that took advantage of early voting increased substantially this election.

**Voter Turnout and Equipment Deployment:** Turnout for the 2016 General Election decreased slightly when compared to previous elections. Equipment deployment varied substantially between jurisdictions.

### **Recommended Actions**

	<b><u>Funds</u></b>
1. Reduce the appropriation for conferences to align with actual cost.	\$ 32,250
2. Delete the appropriation into the Fair Campaign Finance Fund.	1,032,852
<b>Total Reductions</b>	<b>\$ 1,065,102</b>

### **Updates**

**Post-election Audit:** Language included in the 2017 budget bill restricted \$50,000 in general funds pending the receipt of a post-election audit of the 2016 Presidential Election. SBE contracted ClearBallot Inc. to conduct the post-election audit using their proprietary ClearAudit software. In December 2016, SBE submitted a report detailing the audit process and results of the audit.

*D38I01 – State Board of Elections*

**D38I01**  
**State Board of Elections**

***Operating Budget Analysis***

---

**Program Description**

The State Board of Elections (SBE) is a five-member board charged with managing and supervising elections in the State; ensuring compliance with State and federal election laws, including the federal Help America Vote Act (HAVA); assisting citizens in exercising their voting rights; and providing access to candidacy for all those seeking elected office.

Individuals from both major parties are appointed to SBE by the Governor, with the advice of the Senate, for staggered, four-year terms. The board appoints a State Administrator, with the advice and consent of the Senate, who is charged with oversight of the board's functions and supervising the operations of the local boards of elections (LBE).

LBEs process voter registration records for the statewide voter registration database, establish election precincts, staff polling places, provide and process absentee and provisional ballots, and certify local election results.

The mission of SBE is to administer the process of holding democratic elections in a manner that inspires public confidence and trust. SBE's key goals are:

- to ensure that all eligible Maryland citizens have the opportunity to register to vote; and
- to provide a voting process that is convenient and accessible.

**Performance Analysis: Managing for Results**

**1. Early Voting**

The performance of SBE is ultimately measured by how well the last election went. Two elections (the 2016 Presidential Primary and 2016 General Election) have been held since the 2016 session. During these elections, voters were able to take advantage of early voting. Overall, there were 69 early voting centers located throughout the State, which is up from 46 centers during the 2012 Presidential Election. Thirteen counties have one early voting center, while 10 counties and Baltimore City had multiple centers.

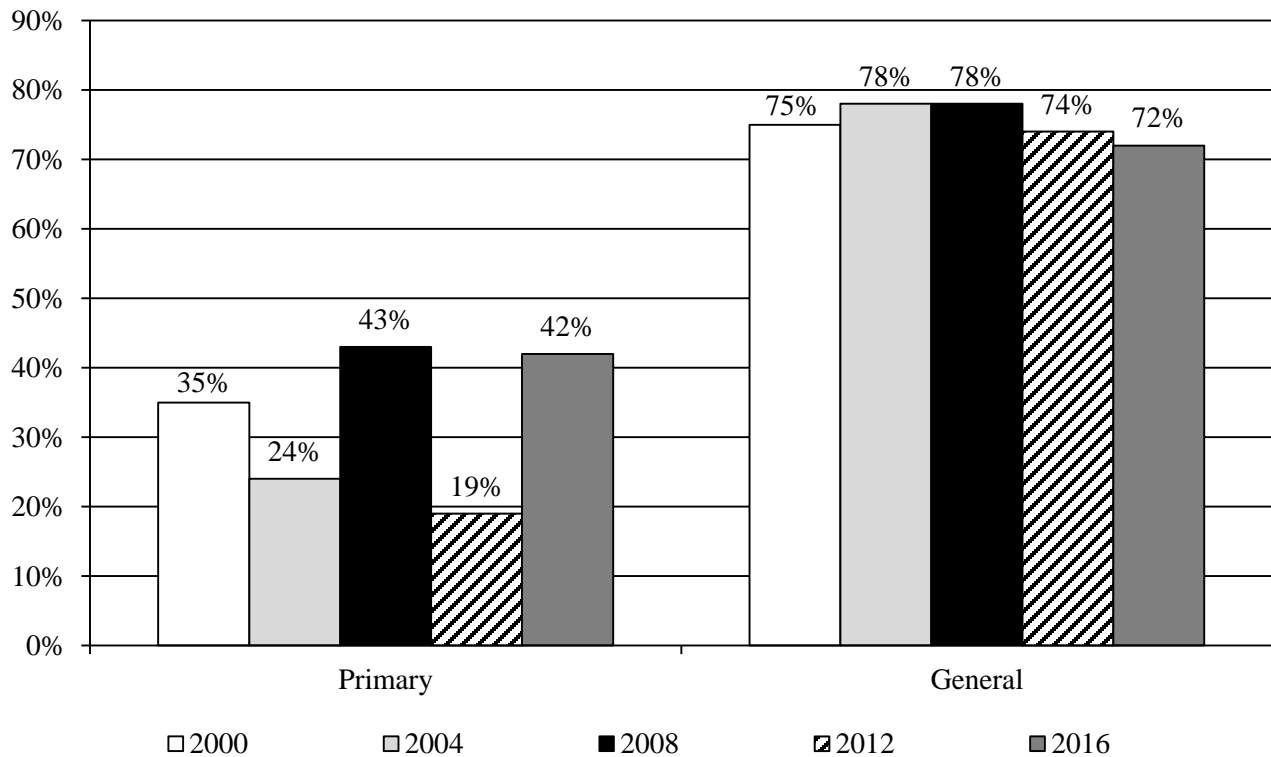
Overall, voter turnout for the primary election was comparable to 2008, the last presidential election with no incumbent running, with 1,431,751, or 41.71%, of eligible voters casting their votes. Of those that voted in the primary, 259,051, or 18.1%, of eligible voters took advantage of early voting in the primary election.

Turnout for the general election was higher, with 2,807,322, or 71.98%, of the total number of registered voters voting. In the 2016 General Election, 876,843 voters, or 31.23%, voted early. The amount of voters that took advantage of early voting increased substantially this election. In 2012, only 16% of general election voters took advantage of early voting.

## 2. Voter Turnout and Equipment Deployment

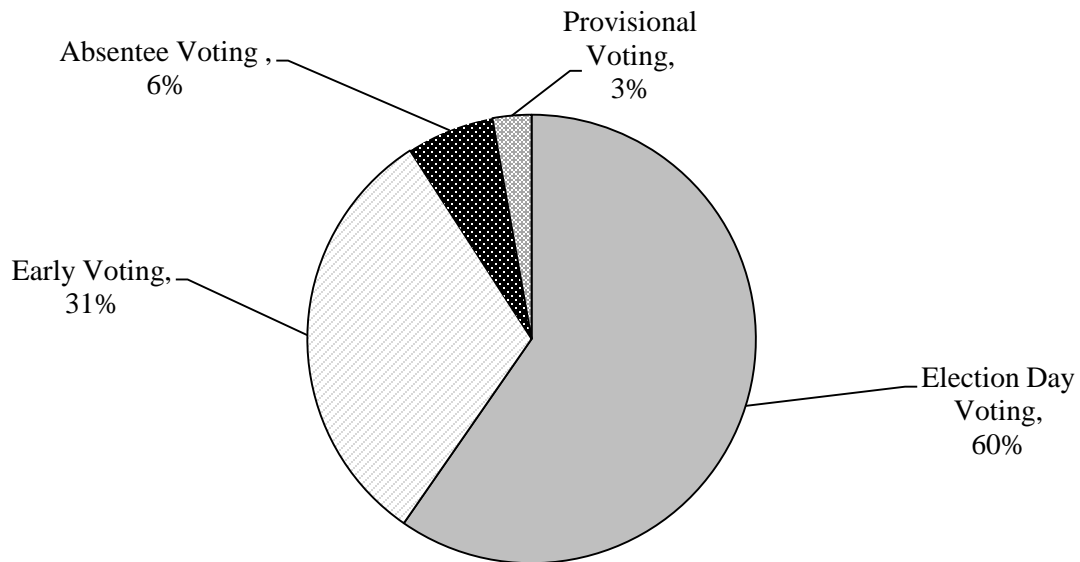
**Exhibit 1** shows the voter turnout in the five most recent presidential elections, including 2016. Turnout for the primary election varied, while turnout for the general election remained fairly consistent, although turnout in 2016 was slightly lower. Overall, when including absentee and provisional voting, a majority of voters (60%) in the 2016 General Election voted on Election Day, as illustrated in **Exhibit 2**.

**Exhibit 1**  
**Voter Turnout**  
2000, 2004, 2008, 2012, and 2016 Presidential Elections



Source: State Board of Elections

**Exhibit 2**  
**Turnout by Method of Voting**  
**2016 General Election**



Source: State Board of Elections

---

The *Code of Maryland Regulations* (COMAR) includes regulations governing the allocation of pollbooks (33.17.04.03) and the allocation of ballot scanners (33.10.01.11). Regarding early voting, in consultation with local boards, the Administrator determines the number of pollbooks assigned to each precinct, and each early voting center is allocated at least two scanners. COMAR does not regulate the allocation of pollbooks on Election Day, but policy is one pollbook for every 550 voters expected to turnout. COMAR requires at least one ballot scanner per precinct on Election Day. Two scanners were allocated if more than 3,000 voters are expected at a precinct. Allocations changed between the 2016 Primary and General Elections, which was due to a decision by some local boards to request additional scanners and lessons learned from the primary.

**Exhibits 3 and 4** provide information on the deployment of ePollbooks, ballot scanners, and ballot marking devices in the primary and general elections relative to the number of active registered voters by jurisdiction. The ratio of active voters to both ePollbooks and ballot scanners varied significantly by jurisdiction. For instance, in the general election, St. Mary’s County had the lowest ratio of active voters to ballot scanners with 809 while Cecil County had the highest with 2,704 active voters. **SBE should comment on whether there is any correlation between issues at polling places and jurisdictions with high ratios of active voters to ePollbooks or ballot scanners.**

**Exhibit 3**  
**Voting Equipment Deployment**  
**2016 Primary Election**

<u>Jurisdiction</u>	<u>Active Registered Voters</u>	<u>Electronic Pollbooks</u>		<u>Ratio of Active Voters to ePollbooks (Election Day)</u>	<u>DS200 Scanners</u>		<u>Ratio of Active Voters to Scanners (Election Day)</u>	<u>Ballot Marking Devices</u>	
		<u>Early Voting</u>	<u>Election Day</u>		<u>Early Voting</u>	<u>Election Day</u>		<u>Early Voting</u>	<u>Election Day</u>
Allegany	35,633	4	78	<b>457</b>	2	37	<b>963</b>	1	36
Anne Arundel	286,307	35	605	<b>473</b>	10	216	<b>1,325</b>	6	178
Baltimore City	329,021	30	646	<b>509</b>	21	306	<b>1,075</b>	6	293
Baltimore County	445,640	75	648	<b>688</b>	21	238	<b>1,872</b>	18	230
Calvert	61,808	10	69	<b>896</b>	2	23	<b>2,687</b>	1	23
Caroline	15,313	4	31	<b>494</b>	2	8	<b>1,914</b>	1	8
Carroll	118,929	4	177	<b>672</b>	2	51	<b>2,332</b>	1	35
Cecil	63,301	6	90	<b>703</b>	2	37	<b>1,711</b>	1	19
Charles	86,846	10	144	<b>603</b>	4	46	<b>1,888</b>	2	43
Dorchester	19,092	3	52	<b>367</b>	2	39	<b>490</b>	1	21
Frederick	159,595	14	218	<b>732</b>	6	89	<b>1,793</b>	3	63
Garrett	16,798	6	40	<b>420</b>	3	19	<b>884</b>	2	19
Harford	136,684	20	213	<b>642</b>	25	102	<b>1,340</b>	4	62
Howard	204,304	16	315	<b>649</b>	7	130	<b>1,572</b>	4	98
Kent	13,001	3	20	<b>650</b>	1	10	<b>1,300</b>	1	10
Montgomery	641,294	86	793	<b>809</b>	25	334	<b>1,920</b>	12	232
Prince George's	500,451	55	821	<b>610</b>	37	306	<b>1,635</b>	16	242
Queen Anne's	27,319	8	38	<b>719</b>	4	16	<b>1,707</b>	2	12
St. Mary's	67,602	5	115	<b>588</b>	2	36	<b>1,878</b>	1	36
Somerset	11,198	3	32	<b>350</b>	2	20	<b>560</b>	1	16
Talbot	21,502	5	33	<b>652</b>	2	14	<b>1,536</b>	1	11
Washington	92,561	5	149	<b>621</b>	2	54	<b>1,714</b>	1	18
Wicomico	47,392	4	97	<b>489</b>	2	54	<b>878</b>	1	31
Worcester	31,129	5	69	<b>451</b>	2	22	<b>1,415</b>	1	20

Note: Inactive voters are voters who are suspected of moving out-of-state and have not responded to confirmation of address. Active registered voters are all registered voters not considered inactive.

Source: State Board of Elections



**Exhibit 4**  
**Voting Equipment Deployment**  
**2016 General Election**

<u>Jurisdiction</u>	<u>Active Registered Voters</u>	<u>Electronic Pollbooks</u>		<u>Ratio of Active Voters to ePollbooks (Election Day)</u>	<u>DS200 Scanners</u>		<u>Ratio of Active Voters to Scanners (Election Day)</u>	<u>Ballot Marking Devices</u>	
		<u>Early Voting</u>	<u>Election Day</u>		<u>Early Voting</u>	<u>Election Day</u>		<u>Early Voting</u>	<u>Election Day</u>
Allegany	43,051	4	81	<b>531</b>	2	36	<b>1,196</b>	1	36
Anne Arundel	377,502	35	609	<b>620</b>	13	182	<b>2,074</b>	5	178
Baltimore City	390,616	32	655	<b>596</b>	22	348	<b>1,122</b>	6	293
Baltimore County	546,886	75	688	<b>795</b>	23	232	<b>2,357</b>	8	230
Calvert	62,700	4	69	<b>909</b>	2	25	<b>2,508</b>	1	23
Caroline	19,498	4	31	<b>629</b>	2	10	<b>1,950</b>	2	8
Carroll	119,143	6	195	<b>611</b>	2	52	<b>2,291</b>	1	35
Cecil	64,896	6	92	<b>705</b>	2	24	<b>2,704</b>	1	19
Charles	108,334	10	147	<b>737</b>	4	45	<b>2,407</b>	2	43
Dorchester	21,223	3	51	<b>416</b>	2	23	<b>923</b>	1	21
Frederick	164,464	18	250	<b>658</b>	8	92	<b>1,788</b>	3	63
Garrett	19,544	6	40	<b>489</b>	4	19	<b>1,029</b>	2	19
Harford	174,334	20	230	<b>758</b>	8	73	<b>2,388</b>	4	62
Howard	207,245	22	321	<b>646</b>	8	122	<b>1,699</b>	4	98
Kent	12,952	2	20	<b>648</b>	2	10	<b>1,295</b>	1	10
Montgomery	656,674	94	950	<b>691</b>	45	458	<b>1,434</b>	20	232
Prince George's	575,809	81	873	<b>660</b>	42	349	<b>1,650</b>	27	242
Queen Anne's	34,795	8	38	<b>916</b>	4	16	<b>2,175</b>	2	12
St. Mary's	69,372	5	116	<b>598</b>	2	39	<b>1,779</b>	2	36
Somerset	12,948	3	37	<b>350</b>	2	16	<b>809</b>	1	16
Talbot	26,747	5	39	<b>686</b>	2	14	<b>1,911</b>	1	11
Washington	93,666	5	153	<b>612</b>	2	53	<b>1,767</b>	1	18
Wicomico	59,712	5	106	<b>563</b>	2	45	<b>1,327</b>	1	31
Worcester	37,979	5	69	<b>550</b>	2	27	<b>1,407</b>	1	20

Note: Inactive voters are voters who are suspected of moving out-of-state and have not responded to confirmation of address. Active registered voters are all registered voters not considered inactive.

Source: State Board of Elections

## **Fiscal 2017 Actions**

### **Proposed Deficiency**

The fiscal 2018 allowance for SBE contains a deficiency appropriation of \$823,200 in general funds a portion of which includes expenses attributable to fiscal 2016 rolled into fiscal 2017. The deficiency is for one-time expenses.

A portion of the deficiency (\$251,388) is intended to settle all claims and legal fees for a lawsuit that was filed in response to the lack of absentee ballot options for individuals with certain disabilities.

The remaining \$571,812 is intended to restore funds that were inadvertently reverted in the fiscal 2016 closeout process. During the fiscal 2016 closeout process, SBE encumbered \$651,514 using the incorrect effective date, which caused the balance to revert to the General Fund. The deficiency appropriation only restores a portion of the inadvertently reverted funds. The remaining \$79,702 that is not restored should be able to be absorbed in the SBE budget.

### **Fiscal 2016 Closeout Audit**

In January 2017, the Office of Legislative Audits (OLA) released its closeout audit report for fiscal 2016. In the audit, OLA identifies agencies with large unprovided for payables and other major issues. OLA identified \$523,000 of unsubstantiated federal fund revenues in SBE. SBE indicated that these revenues related to interest earnings received as part of the HAVA that had been recorded as special funds and retained.

SBE has an \$181,000 special fund balance in the HAVA program and indicates that additional funds may be used to offset the unsubstantiated federal funds. The remainder likely will need to be eliminated through a deficiency appropriation. A deficiency appropriation is not included in the fiscal 2018 allowance for this purpose. **SBE should comment on the audit finding and how it will resolve the finding.**

## **Proposed Budget**

As shown in **Exhibit 5**, the fiscal 2018 allowance of SBE decreases by \$8.1 million, or 28.2%, compared to the fiscal 2017 working appropriation after accounting for proposed deficiency appropriations and an across-the-board reduction in pension payments.

**Exhibit 5**  
**Proposed Budget**  
**State Board of Elections**  
**(\$ in Thousands)**

<b>How Much It Grows:</b>	<b>General Fund</b>	<b>Special Fund</b>	<b>Federal Fund</b>	<b>Reimb. Fund</b>	<b>Total</b>
Fiscal 2016 Actual	\$5,911	\$13,154	\$295	\$5,666	\$25,026
Fiscal 2017 Working Appropriation	9,261	13,941	204	5,342	28,749
Fiscal 2018 Allowance	<u>8,520</u>	<u>12,041</u>	<u>85</u>	<u>0</u>	<u>20,646</u>
Fiscal 2017-2018 Amount Change	-\$741	-\$1,900	-\$119	-\$5,342	-\$8,103
Fiscal 2017-2018 Percent Change	-8.0%	-13.6%	-58.4%	-100.0%	-28.2%

**Where It Goes:**

**Personnel Expenses**

Turnover adjustments.....	\$30
Other fringe benefit adjustments.....	-2
Salaries.....	-8
Retirement.....	-8
Employee and retiree health insurance .....	-14

**Voting System and Election Related Information Technology**

Pollbook and printer replacements.....	100
Voting equipment and enterprise scanning software .....	88
Replace ballot on demand printers and early voting modems .....	66
Electronic pollbook development .....	58
Ballot printing .....	54
New software to comply with corrective actions in recent audit .....	38
Maryland Campaign Reporting Information System.....	20
Agency Election Management System Modernization (does not reflect reimbursable funds budgeted in DoIT).....	-355
Pilot to replace pollbook technology in fiscal 2017.....	-550
New Voting System Replacement Project costs (does not reflect reimbursable funds budgeted in DoIT).....	-6,413

**Voting Registration System**

Voter Registration Contract costs .....	128
Network switch and router refresh in fiscal 2017 .....	-200

*D38I01 – State Board of Elections*

**Where It Goes:**

**Election Related**

Voting unit transportation .....	92
Electronic pollbook licenses .....	-64
Lower costs for call center and absentee ballots due to expected lower turnout in upcoming primary election.....	-153
Election staff .....	-222

**Federal Grants**

Voting access for individuals with disabilities .....	55
Help America Vote Act requirements payments .....	-75
Effective absentee systems for elections.....	-99

**Other Changes**

Allocation costs ( <i>e.g.</i> , DBM, DoIT, telecommunications, rent) .....	94
Conferences.....	68
One-time deficiency appropriation for legal fees.....	-252
One-time deficiency appropriation for fiscal 2016 expenditures.....	-572
Other .....	-7

**Total** **-\$8,103**

DBM: Department of Budget and Management

DoIT: Department of Information Technology

Note: Numbers may not sum to total due to rounding.

A reimbursable fund decrease of \$5.3 million from the Major Information Technology Development Plan Fund (MITDPF) represents the State’s share of costs associated with the New Voting System Replacement (NVSr) project and the Agency Election Management System (AEMS) replacement project in fiscal 2017. The State’s share of these costs are budgeted in the MITDPF in the Department of Information Technology (DoIT) in the fiscal 2018 allowance. When accounting for the funds included in the MITDPF for the two projects (\$4.5 million) that will eventually be transferred to SBE in the fiscal 2018 allowance, the budget for SBE decreases by \$3.6 million.

**Across-the-board Reductions**

The fiscal 2018 budget bill includes a \$54.5 million (all funds) across-the-board contingent reduction for a supplemental pension payment. Annual payments are mandated for fiscal 2017 through 2020 if the Unassigned General Fund balance exceeds a certain amount at the close of the fiscal year. This agency’s share of these reductions is \$13,369 in general funds and \$1,348 in special funds. This action is tied to a provision in the Budget Reconciliation and Financing Act of 2017.

## **2018 Biennial Conference**

The fiscal 2018 allowance includes \$71,705 in the HAVA program for in-state conferences. This is an increase of \$68,205 (32,250 in general funds and 36,000 in special funds), or 1,948%, from the fiscal 2017 working appropriation. SBE indicates that additional funds in the allowance are for the 2018 Biennial Conference. The full cost of the conference is double budgeted. The full cost is reflected in both general funds and special funds. **Therefore, the Department of Legislative Services (DLS) recommends reducing the general fund allowance for in-state conferences.**

## **AEMS**

The fiscal 2018 allowance includes \$1,549,840 for the AEMS Modernization major information technology (IT) project (half in special funds and half in general funds in the MITDPF). As shown in **Appendix 2**, the total cost of the project is estimated at \$5,045,152. The cost estimate has increased considerably since the project was approved last year, which is at least partially due to the need to ensure that the legacy system is still operational. **SBE should provide an explanation for the increase in estimated costs.**

AEMS is the central system that performs election functions and interfaces with other election systems. The system's functions include:

- interfacing of candidate information with the voter registration system;
- building of the election ballots;
- interfacing of ballot information to the new voting system;
- election night reporting;
- tabulating votes to calculate election outcomes, involving unique programming language; and
- generating hundreds of election documents.

As reported in the MITDPF mid-year report, the AEMS Modernization major IT project is five months behind schedule due to resources being directed toward the 2016 General Election. The fiscal 2018 Information Technology Project Request (ITPR) submission does not include an updated timeline. The last planning milestone listed in the ITPR was set to be completed on October 31, 2016, with no following milestones. **SBE should provide an updated timeline for the AEMS Modernization major IT project.**

## **NVSR**

Chapters 547 and 548 of 2007 prohibited SBE from certifying a voting system unless it includes a voter-verifiable paper record, which is defined as a paper ballot read by an optical scan system, a paper ballot to be mailed to the LBE, or a paper ballot created through the use of a ballot marking device. SBE was also required to certify a system that meets the Voluntary Voting System Guidelines (VVSG) for access for individuals with disabilities. These requirements were to be in effect for all elections held after January 1, 2010. Chapters 547 and 548 were contingent on the inclusion of sufficient funding no later than the fiscal 2009 budget to implement the Act.

Chapter 428 of 2009 subsequently modified the requirements to address concerns related to the organization approving the testing laboratory specified in the legislation and provided the option to continue using the existing voting system for individuals with disabilities if no system is certified that meets the accessibility standards in the VVSG at the time of the procurement. The legislature also provided a two-year timeframe for SBE to begin using a voter-verifiable paper record system following a determination that a system meets the accessibility standards in the VVSG and other requirements. The Act also changed the date by which the new voting system must be in place to the 2010 Gubernatorial Primary Election.

Funds were provided in fiscal 2009 and 2010 to implement the optical scan system, allowing the legislation to take effect. However, the amounts were ultimately reduced in cost containment actions, and nearly all of the remainder was canceled. The fiscal 2011 budget included no funding for the system. As a result, SBE never finalized the procurement of the new system that was ongoing at the time of the fiscal 2011 budget release. Funding was again provided for the system beginning in fiscal 2014, including a deficiency appropriation for fiscal 2013, allowing the project to move forward once again.

To date, \$29,191,479 has been appropriated for the NVSR project. The fiscal 2018 allowance includes \$7,361,202 (half in special funds and half in the MITDPF). The \$6.4 million decrease in funding shown in Exhibit 4 does not account for \$3.7 million in general funds in the MITDPF. **Appendix 2** provides the estimated cost for the system over the life of the voting system equipment lease by fiscal year.

NVSR implementation was completed in December 2016. The project has moved into operations and maintenance. Despite moving into this phase of the project, funding for equipment leases remains in the MITDPF and will transfer into SBE as reimbursable funds. This will be the case through fiscal 2021. DoIT also continues to play a role in the disposal of legacy equipment from the previous system, which is scheduled to take place in calendar 2017.

### **Issues and Risks**

Previous versions of ITPR for the project listed a number of high and medium risks. However, the fiscal 2018 ITPR only lists one risk. Despite the submission of the ITPR in January 2017 after the 2016 General Election, the document identifies the likelihood of high voter turnout during the 2016 General Election as the only medium-level risk. **SBE should comment on whether any issues**

**in the voting system were identified that can pose a risk in the upcoming gubernatorial primary election and how SBE will address them.**

### **Electronic Pollbook Pilot Program**

The fiscal 2018 allowance decreases by \$550,000 in general funds, which is due to a pollbook pilot that will take place during the 2018 Gubernatorial Election. Purchasing for the pilot is taking place in fiscal 2017 despite the use of the new pollbooks taking place in fiscal 2018. The current pollbooks have been in use since 2006 with additional pollbooks acquired in every election since then. However, the pollbooks are no longer manufactured, prompting the need to replace them before the 2020 Presidential Election.

The pilot will replace pollbooks in some counties and polling places. The purpose of the pilot is to:

- verify that the new hardware and software work as required;
- verify that pollbook software can be used on updated hardware;
- ensure that pollbook processes and procedures can be utilized with updated hardware;
- ensure that new hardware will perform with existing infrastructure; and
- identify changes necessary for statewide implementation.

### **Fair Campaign Finance Fund**

The fiscal 2018 allowance includes \$1,032,852 in general funds for the Fair Campaign Finance Fund (FCFF). With the exception of the fiscal 2017 budget, which included a \$1,032,852 appropriation intended to replenish the fund for money disbursed over the years for other election-related purposes, there has never been a general fund appropriation into the FCFF. Indeed, additional funds included in the fiscal 2017 Governor’s allowance to replenish the FCFF for the disbursements to qualifying candidates in the 2014 Gubernatorial Election were cut from the budget out of concern that their inclusion would signal an ongoing commitment of general funds for the FCFF.

The amount included in the fiscal 2018 allowance is the same amount that was included in the fiscal 2017 budget to replenish the fund for money disbursed over the years for other election-related purposes, even though the fiscal 2017 appropriation achieved that purpose. By proposing a general fund appropriation that exceeds the amount diverted from the fund in prior years, the Administration appears to be establishing a policy of using taxpayer dollars to support the fund. **DLS recommends deleting the appropriation.**

## ***Recommended Actions***

---

	<b><u>Amount Reduction</u></b>	
1. Reduce the appropriation for conferences to align with actual cost.	\$ 32,250	GF
2. Delete the appropriation into the Fair Campaign Finance Fund.	1,032,852	GF
<b>Total General Fund Reductions</b>	<b>\$ 1,065,102</b>	



## ***Updates***

---

### **1. Post-election Audit**

Language included in the 2017 budget bill restricted \$50,000 in general funds pending the receipt of a post-election audit of the 2016 Presidential Election. SBE contracted ClearBallot Inc. to conduct the post-election audit using their proprietary ClearAudit software. In December 2016, SBE submitted a report detailing the audit process and results of the audit.

Clearballot used their own software to tabulate all ballot images and compare the tabulation results to the results in the primary voting system. SBE determined that discrepancies in 0.5% of votes cast between the two tabulations would trigger additional review. This is known as the Audit Threshold Ratio.

The following audit reports were produced for each jurisdiction:

- a comparison of ballots cast during the election to ensure that ClearAudit tabulated the same number of ballots as the primary voting system;
- a comparison of ballots cast by precinct;
- a comparison of votes cast; and
- a vote discrepancy threshold report.

The ClearAudit software retabulated 4.6 million ballots. Of all ballots retabulated, there were a minor number of discrepancies between the primary voting system and the ClearAudit software. Each discrepancy was accounted for and explained:

- 1,960 ballots from precinct 15-26 in Baltimore County were not transferred to ClearAudit, resulting in a discrepancy in the number of ballots;
- 10 absentee ballots from Harford County were received by the deadline but after the ballot images were sent to ClearAudit, resulting in a discrepancy in the number of ballots;
- 2 ballots from precinct 1-19 in Anne Arundel County had an error resulting from the review of write-in candidates who did not file as write-in candidates;
- 1 ballot in Wicomico County had an error resulting from a two-page ballot being separated into a “page one” and “page two” pile during the second absentee ballot canvas;

*D38I01 – State Board of Elections*

- in Garrett County, election results were required to be reported by precinct rather than countywide. The primary voting system tabulated results by precinct, but ClearAudit tabulated the results by ballot question; and
- the primary voting system tabulated write-in votes regardless of whether the corresponding write-in oval was filled in as required by law, but ClearAudit did not tabulate write-in votes where the corresponding write-in oval was not filled in.

**Use of Ballot Images Instead of Paper Ballots for the Post-election Audit**

SBE had the option of doing a hand and eye inspection of paper ballots or to use independent tabulation software to count ballot images. SBE concluded that a tabulation of ballot images was a better option due to the minimization of human error, and it allows 100% of ballots to be audited in a short time period.

**DLS recommends the release of funds withheld pending the receipt of the post-election audit report.**

**Appendix 1  
Current and Prior Year Budgets  
State Board of Elections  
(\$ in Thousands)**

	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2016</b>					
Legislative Appropriation	\$5,731	\$13,035	\$536	\$0	\$19,302
Deficiency Appropriation	758	758	0	0	1,515
Budget Amendments	74	407	0	6,643	7,124
Reversions and Cancellations	-652	-1,045	-241	-977	-2,915
<b>Actual Expenditures</b>	<b>\$5,911</b>	<b>\$13,154</b>	<b>\$295</b>	<b>\$5,666</b>	<b>\$25,026</b>
<b>Fiscal 2017</b>					
Legislative Appropriation	\$8,393	\$13,677	\$204	\$0	\$22,274
Cost Containment	0	0	0	0	0
Budget Amendments	45	265	0	5,342	5,652
<b>Working Appropriation</b>	<b>\$8,438</b>	<b>\$13,941</b>	<b>\$204</b>	<b>\$5,342</b>	<b>\$27,926</b>

Note: Does not include targeted reversions, deficiencies, and contingent reductions. Numbers may not sum to total due to rounding.

## **Fiscal 2016**

The fiscal 2016 legislative appropriation for the State Board of Elections (SBE) increased by \$5.73 million. Deficiency appropriations added \$1.52 million, half in general funds and half in special funds. The deficiency was for staffing and transportation of equipment during the primary election.

The budget increased by \$7.12 million in total funds through five amendments. An amendment restored a 2% cut to employee salaries – \$63,000 (\$58,000 in general funds and \$5,000 in special funds). An amendment also increased the special fund appropriation by \$182,000 to enhance and modify the campaign finance reporting system and by \$178,050 to purchase additional pollbooks. Another amendment increased the general fund appropriation by \$15,645 to realign telecommunications expenditures across State agencies. An amendment increased the special fund appropriation by \$41,545 for election equipment for Prince George’s County. A reimbursable fund amendment transferred the State’s share of the costs for the New Voting System Replacement (NVSr) project from the Major Information Technology Development Plan Fund (MITDPF) to SBE, totaling \$6,643,299.

SBE inadvertently reverted \$651,514 in general funds by encumbering the funds using the incorrect effective date. An additional \$442,527 (\$124,191 in special funds, \$240,976 in federal funds, and \$77,361 in reimbursable funds) is reflected in the DAFR 6000 as being canceled. However, the cancellations were reversed. A cancellation of \$1.8 million (half in special funds and half in reimbursable funds) was due to the decision not to do voter outreach for the new voting system. A \$20,787 cancellation of special funds was intended for pollbooks but was not used.

## **Fiscal 2017**

To date, the SBE budget has increased by \$5.65 million. The budget increased by \$47,625 (\$44,919 in general funds and \$2,706 in special funds) through an amendment that allocates centrally budgeted salary increments across State agencies. An amendment also increased the special fund appropriation by \$262,040 to provide additional equipment to local jurisdictions for the 2016 General Election. A reimbursable fund amendment transferred the State’s share of the costs for the NVSR project from the MITDPF to SBE, totaling \$4,790,956. Another reimbursable fund amendment transferred the State’s share of the costs for the Agency Election Management System project from the MITDPF to SBE, totaling \$551,339.

**Appendix 2**  
**Major Information Technology Projects**  
**State Board of Elections**  
**Agency Election Management System Modernization**

<b>Project Status</b>	Planning.	<b>New/Ongoing Project:</b>	Ongoing.					
<b>Project Description:</b>	The State Board of Elections (SBE) has set out to redevelop the ballot functionality of the current legacy Agency Election Management System (AEMS) on a new platform. The AEMS Modernization project will provide all existing capabilities of the legacy system, add new capabilities, and ensure more user friendliness and flexibility. Some new potential features of the new AEMS will include enhanced reporting, the ability to consolidate precincts, ballot definition prior to candidate filing, and multi-language translation. Additionally, the upgraded AEMS system will provide a more economical and sustainable platform and reduce risk due to better management control. It will also offer control over the changes to the application functionality and the system data. Future costs will include ongoing application support for maintenance and enhancement purposes as well as annual maintenance fees to providers of software platform elements and platform hosting fees.							
<b>Project Business Goals:</b>	The AEMS Modernization project will preserve the ability of SBE to meet several elements of its stated mission. It will ensure uniformity of election practices, promote fair and equitable elections, and report election-related data accurately, in a form that is accessible to the public.							
<b>Estimated Total Project Cost:</b>	\$5,045,152	<b>Estimated Planning Project Cost:</b>	\$1,102,676					
<b>Project Start Date:</b>	Fiscal 2017	<b>Projected Completion Date:</b>	Planning completion date is unclear.					
<b>Schedule Status:</b>	The project is approximately five months behind schedule. It was delayed due to a focus on the 2016 General Election.							
<b>Cost Status:</b>	Cost estimates increased considerably from last year by approximately \$1.5 million.							
<b>Scope Status:</b>	Due to the project delays and the necessity to have the AEMS operational for any special elections, the legacy system will be maintained until the new system is developed.							
<b>Project Management Oversight Status:</b>	The fiscal 2018 allowance includes \$80,000 for the Department of Information Technology oversight.							
<b>Identifiable Risks:</b>	The project request identifies funding, resource availability, supportability, and flexibility as high risks; objectives, interdependencies, and organizational culture as medium risks; and sponsorship, technical, and user interface as low risks. There is a considerable risk that the project will not be finished in time for the 2018 Gubernatorial Election.							
<b>Fiscal Year Funding (\$ in Thousands)</b>	<b>Prior Years</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>Balance to Complete</b>	<b>Total</b>
Personnel Services	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Professional and Outside Services	1,157.8	1,549.8	1,312.5	525.0	500.0	0.0	3,887.3	5,054.2
Other Expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Funding</b>	<b>\$1,157.8</b>	<b>\$1,549.8</b>	<b>\$1,312.5</b>	<b>\$525.0</b>	<b>\$500.0</b>	<b>\$0.0</b>	<b>\$3,887.3</b>	<b>\$5,045.2</b>

**Appendix 3**  
**Major Information Technology Projects**  
**State Board of Elections**  
**New Voting System Replacement**

<b>Project Status</b>	Implementation.	<b>New/Ongoing Project:</b>	Ongoing.					
<b>Project Description:</b>	This project allows SBE to comply with the requirements of Chapters 547 and 548 of 2007. The project supports the selection, certification, and implementation of a new optical scan voting system. The project also includes a project management team, development and conduct of acceptance testing of the new system, training of key stakeholders on the new system, voter outreach and education on the use of the new system, development of interfaces with other election systems, an accessibility evaluation, a security analysis, collection and disposal of the old voting system, and an inventory component.							
<b>Project Business Goals:</b>	The current touchscreen voting system does not comply with State law that requires the State to have a voting system that includes a voter verifiable paper ballot that can be read by an optical scan voting unit. Additionally, the current touchscreen system was purchased in 2001 and is nearing the end of its lifecycle. There are limited parts for repair, and no new units are being produced for replacements.							
<b>Estimated Total Project Cost:</b>	\$53,012,145	<b>Estimated Planning Project Cost:</b>	Not applicable as project is now in implementation.					
<b>Project Start Date:</b>	Fiscal 2013	<b>Projected Completion Date:</b>	Implementation on December 31, 2016, followed by operations and maintenance and disposition).					
<b>Schedule Status:</b>	In November 2016, the New Voting System replacement (NVSR) team started to focus on the decommissioning of the legacy voting equipment stored at the central warehouse and will develop a formal Decommissioning/Disposal Plan.							
<b>Cost Status:</b>	Cost estimates have increased by \$2.5 million over the life of the project. This is, at least partially, due to the need for additional equipment after reviewing the administration of the 2016 Primary Election.							
<b>Scope Status:</b>	n/a							
<b>Project Management Oversight Status:</b>	The fiscal 2017 allowance includes \$348,786 for the Department of Information Technology oversight.							
<b>Identifiable Risks:</b>	There are no risks currently identified by SBE. The NVSR project is moving into maintenance and operations.							
<b>Fiscal Year Funding (\$ in Thousands)</b>	<b>Prior Years</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>Balance to Complete</b>	<b>Total</b>
Personnel Services	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Professional and Outside Services	29,191.5	7,361.2	5,484.0	5,487.7	5,487.7	0.0	23,820.6	53,012.1
Other Expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Funding</b>	<b>\$29,191.5</b>	<b>\$7,361.2</b>	<b>\$5,484.0</b>	<b>\$5,487.7</b>	<b>\$5,487.7</b>	<b>\$0.0</b>	<b>\$23,820.6</b>	<b>\$53,012.1</b>

**Appendix 4  
Object/Fund Difference Report  
State Board of Elections**

<u>Object/Fund</u>	<u>FY 16 Actual</u>	<u>FY 17 Working Appropriation</u>	<u>FY 18 Allowance</u>	<u>FY 17 - FY 18 Amount Change</u>	<u>Percent Change</u>
<b>Positions</b>					
01 Regular	41.80	41.80	41.80	0.00	0%
<b>Total Positions</b>	<b>41.80</b>	<b>41.80</b>	<b>41.80</b>	<b>0.00</b>	<b>0%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 3,882,746	\$ 4,110,571	\$ 4,123,381	\$ 12,810	0.3%
02 Technical and Spec. Fees	105,561	175,176	133,510	-41,666	-23.8%
03 Communication	699,030	436,969	459,107	22,138	5.1%
04 Travel	83,908	84,550	156,255	71,705	84.8%
07 Motor Vehicles	1,639	3,530	2,030	-1,500	-42.5%
08 Contractual Services	11,281,703	13,152,547	11,331,648	-1,820,899	-13.8%
09 Supplies and Materials	317,974	154,038	177,081	23,043	15.0%
10 Equipment – Replacement	7,365,767	7,771,708	2,437,832	-5,333,876	-68.6%
11 Equipment – Additional	427,124	277,040	214,625	-62,415	-22.5%
12 Grants, Subsidies, and Contributions	0	1,032,852	1,032,852	0	0%
13 Fixed Charges	860,504	726,872	592,739	-134,133	-18.5%
<b>Total Objects</b>	<b>\$ 25,025,956</b>	<b>\$ 27,925,853</b>	<b>\$ 20,661,060</b>	<b>-\$ 7,264,793</b>	<b>-26.0%</b>
<b>Funds</b>					
01 General Fund	\$ 5,911,073	\$ 8,438,009	\$ 8,533,738	\$ 95,729	1.1%
03 Special Fund	13,154,102	13,941,293	12,042,322	-1,898,971	-13.6%
05 Federal Fund	294,843	204,256	85,000	-119,256	-58.4%
09 Reimbursable Fund	5,665,938	5,342,295	0	-5,342,295	-100.0%
<b>Total Funds</b>	<b>\$ 25,025,956</b>	<b>\$ 27,925,853</b>	<b>\$ 20,661,060</b>	<b>-\$ 7,264,793</b>	<b>-26.0%</b>

Note: Does not include targeted reversions, deficiencies, and contingent reductions.

**Appendix 5  
Fiscal Summary  
State Board of Elections**

<u>Program/Unit</u>	<u>FY 16 Actual</u>	<u>FY 17 Wrk Approp</u>	<u>FY 18 Allowance</u>	<u>Change</u>	<u>FY 17 - FY 18 % Change</u>
01 General Administration	\$ 4,166,042	\$ 4,430,699	\$ 4,592,661	\$ 161,962	3.7%
02 Help America Vote Act	9,324,413	11,238,105	10,580,026	-658,079	-5.9%
03 Major Information Technology Development Projects	11,535,501	11,224,197	4,455,521	-6,768,676	-60.3%
04 Campaign Finance Fund	0	1,032,852	1,032,852	0	0%
<b>Total Expenditures</b>	<b>\$ 25,025,956</b>	<b>\$ 27,925,853</b>	<b>\$ 20,661,060</b>	<b>-\$ 7,264,793</b>	<b>-26.0%</b>
General Fund	\$ 5,911,073	\$ 8,438,009	\$ 8,533,738	\$ 95,729	1.1%
Special Fund	13,154,102	13,941,293	12,042,322	-1,898,971	-13.6%
Federal Fund	294,843	204,256	85,000	-119,256	-58.4%
<b>Total Appropriations</b>	<b>\$ 19,360,018</b>	<b>\$ 22,583,558</b>	<b>\$ 20,661,060</b>	<b>-\$ 1,922,498</b>	<b>-8.5%</b>
Reimbursable Fund	\$ 5,665,938	\$ 5,342,295	\$ 0	-\$ 5,342,295	-100.0%
<b>Total Funds</b>	<b>\$ 25,025,956</b>	<b>\$ 27,925,853</b>	<b>\$ 20,661,060</b>	<b>-\$ 7,264,793</b>	<b>-26.0%</b>

Note: Does not include targeted reversions, deficiencies, and contingent reductions.