

D38I01
State Board of Elections

Operating Budget Data

(\$ in Thousands)

	<u>FY 17</u> <u>Actual</u>	<u>FY 18</u> <u>Working</u>	<u>FY 19</u> <u>Allowance</u>	<u>FY 18-19</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$9,261	\$8,191	\$12,168	\$3,977	48.6%
Adjustments	0	440	30	-410	
Adjusted General Fund	\$9,261	\$8,632	\$12,199	\$3,567	41.3%
Special Fund	13,231	12,041	21,144	9,103	75.6%
Adjustments	0	484	3	-481	
Adjusted Special Fund	\$13,231	\$12,525	\$21,147	\$8,623	68.8%
Federal Fund	123	85	0	-85	-100.0%
Adjustments	0	0	0	0	
Adjusted Federal Fund	\$123	\$85	\$0	-\$85	-100.0%
Reimbursable Fund	5,149	3,537	0	-3,537	-100.0%
Adjustments	0	0	0	0	
Adjusted Reimbursable Fund	\$5,149	\$3,537	\$0	-\$3,537	-100.0%
Adjusted Grand Total	\$27,764	\$24,779	\$33,346	\$8,567	34.6%

Note: FY 18 Working includes targeted reversions, deficiencies, and across-the-board reductions. FY 19 Allowance includes contingent reductions and cost-of-living adjustments.

- The Governor's budget plan includes deficiencies totaling \$978,013 for the State Board of Elections (SBE) for fiscal 2018. This total is divided evenly between general and special funds – \$478,602 will be used to acquire additional voting equipment for the 2018 election, and \$499,411 is to supplement the agency's appropriation for software licenses.

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

For further information contact: Benjamin B. Wilhelm

Phone: (410) 946-5530

D38I01 – State Board of Elections

- The fiscal 2019 allowance increases by a total of \$8.6 million, or 34.6%, above the fiscal 2018 working appropriation after accounting for fiscal 2018 deficiencies and across-the-board adjustments. This increase is largely attributable to expenses for the 2018 election, including \$8 million in special funds for new pollbooks.

Personnel Data

	<u>FY 17</u> <u>Actual</u>	<u>FY 18</u> <u>Working</u>	<u>FY 19</u> <u>Allowance</u>	<u>FY 18-19</u> <u>Change</u>
Regular Positions	41.80	41.80	41.80	0.00
Contractual FTEs	<u>1.00</u>	<u>1.00</u>	<u>1.00</u>	<u>0.00</u>
Total Personnel	42.80	42.80	42.80	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	0.85	2.04%
Positions and Percentage Vacant as of 12/31/17	3.00	7.18%

- The fiscal 2019 working appropriation includes 41.8 regular positions and 1 contractual full-time equivalent, the same as the fiscal 2018 working appropriation.
- Turnover expectancy for SBE is 2.04%, which requires 0.85 vacancies. As of December 31, 2017, the agency had 3 vacancies, for a vacancy rate of 7.18%.

Analysis in Brief

Major Trends

Early Data on the 2018 Election: While it is still early in the 2018 election cycle, SBE reports that, to date, 1,266 candidates have filed for office, and SBE anticipates that the 2018 election will be similar in size to the 2014 election.

Campaign Finance Reporting Update: The first campaign finance reporting deadline of 2018 was January 17. SBE reports that 91% of candidates required to file did so in a timely manner. SBE has increased its outreach and education on campaign financing rules for the 2018 election and expects that compliance rates will increase.

Resolution of Voter Registration System Concerns Raised in Legislative Audit: The Office of Legislative Audits issued a fiscal compliance audit for SBE in April 2017. The audit identified a number of deficiencies including several issues related to the personally identifiable data maintained in the voter registration system. SBE has taken remedial action to ensure the accuracy of information entered into the system by local boards of elections, increase security, and eliminate nine-digit Social Security numbers from the system.

Issues

Preparations for the 2018 Election: The Department of Legislative Services (DLS) has identified two items of interest for the 2018 election. First, there will be a total of 78 early voting sites for the primary election (10 more than in 2016) and 79 for the general election (1 more). In addition to the new sites, 9 existing sites are being relocated. Second, a problem with the State's Ballot Marking Devices that limits the on-screen display to no more than seven candidates at one time was not resolved for the 2018 election. SBE reports that the vendor was not able to resolve the problem and that the board has voted to continue a workaround plan from the 2016 election that makes the machines available, but not mandatory, for early voting. **SBE should comment on why the vendor was not able to resolve the software issue for the 2018 election and how it plans to resolve the problem for the future. DLS also recommends that narrative be adopted requiring SBE to submit a status update to the committees before the start of the 2019 session.**

Election Security: Reports of attempted interference by the Russian government in the 2016 presidential election have placed increased emphasis on election security going into the 2018 election. The U.S. Department of Homeland Security has reported to the State that Maryland was 1 of 21 states targeted in 2016, but SBE reports that its voter registration system was not compromised. The State has a number of security protections in place that limit the risk of interference with election systems, but continuing vigilance is warranted. **DLS recommends that SBE update the committees on the status of its cybersecurity operations and how it will ensure the integrity of the 2018 election before, during, and after voting.**

Operating Budget Recommended Actions

	<u>Funds</u>
1. Reduce funding for the acquisition of new pollbooks based on the plan to finance the purchase over three years.	\$ 5,363,547
2. Adopt committee narrative to request a report on the resolution of problems with ballot marking devices.	
Total Reductions	\$ 5,363,547

Updates

Fair Campaign Finance Fund: There was \$3.0 million in the Fair Campaign Finance Fund as of February 9, 2018. SBE reports that this amount is sufficient to fully fund one candidate in either the primary or general election but not both.

Expansion of the Election Registration Information Center Should Improve Accuracy of Voter Rolls: The Election Registration Information Center (ERIC) is a consortium of 22 states and the District of Columbia that collects and promulgates voter information among the members to improve the accuracy of voter rolls in each participating jurisdiction. It is expected that California and Florida will join ERIC in the near future, which would significantly increase the amount of data available to the consortium.

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; assisting citizens in exercising their voting rights; and providing access to candidacy for individuals seeking elected office.

Individuals from both major parties are appointed to SBE by the Governor, with the advice and consent of the Senate, for staggered, four-year terms. The board appoints a State Administrator, also 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 Data on the 2018 Election

The performance of SBE is ultimately measured by how well the last election went. While there were municipal elections in some jurisdictions in 2017, there has not been a statewide election since the Department of Legislative Services (DLS) last reported on SBE's performance. The filing deadline for the November 6, 2018 general election is Tuesday, February 27. SBE reports that as of February 8, a total of 1,266 candidates have filed for the 2018 election cycle. SBE's early reporting also indicates that this election is likely to be more complicated logistically than the 2014 election. SBE is estimating that there will be about 1,100 unique ballot styles across the State (there were 986 for the 2014 election) and that 2,700 scanning machines and 6,100 pollbooks will be deployed statewide.

SBE reported to the House Ways and Means Committee on January 26, 2018, that the agency conducted a week-long simulated election in January 2018 in which SBE and all LBEs participated. This simulation included early voting, Election Day, and post-election activities including regular and absentee ballot systems. While the results of the simulation were generally positive according to the agency, SBE reports that it will be working with LBEs to further refine processes.

2. Campaign Finance Reporting Update

The first campaign finance reporting deadline of 2018 was January 17, 2018. SBE has reported that 91% of candidates required to file campaign finance reports did so by the filing deadline. SBE used an online system for campaign finance disclosures and created an instructional video to assist campaign treasurers and, ideally, to reduce the number of deficiencies that need to be remedied as SBE audits these reports. Reporting deadlines for the coming year can be found in **Exhibit 1**.

Exhibit 1 2018 Campaign Finance Reporting Schedule

<u>Report</u>	<u>Due Date</u>	<u>Beginning Date</u>	<u>End Date</u>
2018 Annual Report	January 17		January 10
Spring Report ¹	April 17		April 10
Pre-primary Report 1	May 22	January 11	May 15
Pre-primary Report 2	June 15	May 16	June 10
Pre-general Report 1	August 28	June 11	August 21
Ballot Issue Report	October 12	August 22	October 7
Pre-general Report 2	October 26	August 22	October 21
Post-general Report	November 18	October 22	November 13

¹ Only new campaign committees that were not required to file a 2018 annual report must file the Spring Report.

Source: State Board of Elections

SBE's most recent Managing for Results submission also shows that the agency is making progress on metrics associated with the effective management of the campaign finance system. As shown in **Exhibit 2**, SBE improved its campaign finance administration and anticipates the highest success rate for various metrics related to filing since the State moved to entirely online reporting by campaigns. First, SBE is greatly expanding the number of campaign finance classes for treasurers and intends to hold 60 such classes for the 2018 election, compared to only 8 for the 2014 cycle.

Exhibit 2
Campaign Finance Measures
2010-2018 Elections

	<u>2010</u>	<u>2012</u>	<u>2014</u>	<u>2016</u>	<u>2018</u>
Campaign Finance Classes	15	12	8	10	60
Total Campaign Finance Committees	2,571	2,173	2,709	2,076	2,700
Campaign Finance Reports Filed	10,717	8,291	14,709	4,585	15,000
Percent of Campaign Finance Reports Submitted on Time	85%	84%	72%	77%	85%
Percent of Campaign Finance Reports with Deficiencies	26%	37%	35%	36%	32%

Source: Department of Budget and Management

SBE projects that there will be about 15,000 campaign finance reports filed and 2,700 campaign finance committees established for the 2018 election, both of which are similar to the 2014 election cycle. Of these filings, SBE estimates that 85% will be filled on time, an increase of 13 percentage points over 2014, and that the percent with deficiencies that need to be remedied will decline from 35% to 32%.

3. Resolution of Voter Registration System Concerns Raised in Legislative Audit

The Office of Legislative Audits (OLA) issued a fiscal audit of SBE on April 24, 2017. Among the eight findings in the audit were three related to data verification and security within the State's voter registration system (MDVOTERS). As SBE reported, both in its response to OLA and in testimony before the General Assembly, remedial action has been taken to resolve these issues. Specifically, OLA raised, and SBE corrected, the following four specific concerns:

- ***SBE Did Not Have Sufficient Checks in Place to Verify the Accuracy of MDVOTERS Data:*** Beginning in January 2017, SBE now audits how local LBEs process information they receive from the Electronic Registration Information Center (ERIC). Data from ERIC is central to how SBE ensures that the State's voter rolls are accurate and up to date;
- ***SBE Did Not Have Strong Enough Procedures to Control the Number of Authorized Users for the System:*** LBEs determine who within their offices will have access to the MDVOTERS system. However, SBE itself is ultimately responsible for ensuring that access is only available to those who need it. SBE and LBEs review accounts with access to the system regularly and make changes as necessary;

- ***There Were Insufficient Protections for Voters' Personally Identifiable Information:*** OLA noted that ERIC, which receives a large share of the personally identifiable information collected by SBE, does not conduct a Service Organization Controls 2 Type 2 audit, which OLA considers necessary to ensure that the data provided by SBE is sufficiently safeguarded. SBE reported that ERIC is a multi-state consortium controlled by a board of directors and that the State cannot require such an audit of the organization. However, SBE also reported that ERIC has a variety of security measures in place to protect data as well as other audit requirements that verify that its databases are properly maintained; and
- ***MDVOTERS Contained Full Social Security Numbers (SSN) for Nearly 600,000 Voters When Only the Last Four Digits Are Necessary:*** OLA discovered that about 14% of the voter registrations held in MDVOTERS contained full nine-digit SSNs. While submission and retention of the last four digits of the SSN are necessary, there is no reason for SBE to keep records that include the full SSN. SBE has reported that this occurred when voters provided the full number with their registration, and the information was then entered into the system as submitted. SBE resolved this issue by shortening all records in the MDVOTERS system to include only the last four digits and adjusting the interface and system so that it allows for the entry of only four digits.

Fiscal 2018 Actions

Proposed Deficiency

The Governor's budget plan includes two fiscal 2018 deficiency appropriations for SBE totaling \$978,013. Each deficiency is for an expenditure that is subject to local cost sharing; therefore, \$489,006 of the deficiency appropriation is general funds, and \$489,007 is special funds from local jurisdictions. The first deficiency provides \$478,602 to purchase additional voting equipment for the 2018 election, and the second adds \$499,411 to fund software licenses. This second deficiency represents the first appropriation for what will be an ongoing expense for SBE. An account audit by the licensor, Oracle, determined that SBE was using more copies of the software than it had authorized licenses to use under its contract. This additional expenditure is necessary for SBE to maintain operations.

Across-the-board Employee and Retiree Health Insurance Reduction

The budget bill includes an across-the-board reduction for employee and retiree health insurance in fiscal 2018 to reflect a surplus balance in the fund. This agency's share of this reduction is \$48,630 in general funds and \$5,247 in special funds.

Proposed Budget

As shown in **Exhibit 3**, the fiscal 2019 allowance increases by \$8.6 million, or 34.6%, over the fiscal 2018 working appropriation. The general fund appropriation increases by \$3.6 million, or 41.3%, due to the removal of the New Voting System Replacement (NVS) project from the Department of Information Technology's (DoIT) Major Information Technology (IT) Project portfolio, which changes how these funds are appropriated but not the overall cost of the project. There is also a special fund increase of \$8 million for new pollbooks.

Exhibit 3 Proposed Budget State Board of Elections (\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2017 Actual	\$9,261	\$13,231	\$123	\$5,149	\$27,764
Fiscal 2018 Working Appropriation	8,632	12,525	85	3,537	24,779
Fiscal 2019 Allowance	<u>12,199</u>	<u>21,147</u>	<u>0</u>	<u>0</u>	<u>33,346</u>
Fiscal 2018-2019 Amount Change	\$3,567	\$8,623	-\$85	-\$3,537	\$8,567
Fiscal 2018-2019 Percent Change	41.3%	68.8%	-100.0%	-100.0%	34.6%
Where It Goes:					
Personnel Expenses					
Employee and retiree health insurance					\$54
Cost-of-living adjustment					33
Workers' compensation premium assessment					21
Turnover adjustments					-12
Other fringe benefit adjustments					21
Election Operations					
New pollbooks and printers					8,046
Ballots					1,000
MDVOTERS maintenance contract					162
Mailing of absentee ballots					46
Post-election audit contract					27
Election staffing contract					-83
Maintenance of legacy agency election management system					-60
Agency Election Management System Modernization Project					-105
New Voting System Replacement					-105
End of fiscal 2018 deficiency for voting equipment					-479
Other Agency Expenditures					
Rent					87
Other					-86
Total					\$8,567

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

General Salary Increase

The fiscal 2019 allowance includes funds for a 2% general salary increase for all State employees, effective January 1, 2019. These funds are budgeted in the Department of Budget and Management's (DBM) statewide program and will be distributed to agencies during the fiscal year. This agency's share of the general salary increase is \$30,042 in general funds and \$3,099 in special funds. In addition, employees will receive another 0.5% increase and a \$500 bonus effective April 1, 2019, if actual fiscal 2018 general fund revenues exceed the December 2017 estimate by \$75 million. These funds have not been budgeted. The Administration will need to process a deficiency appropriation if revenues are \$75 million more than projected.

Personnel

Personnel expenditures increase by \$116,926. The increase is attributable to the cost-of-living adjustment for fiscal 2019 (\$33,141), restoration of health insurance savings in fiscal 2018 (\$53,877), and workers' compensation premiums (\$21,109). These increases are offset by an increase in turnover expectancy (\$12,443).

Election Operations

SBE's budget is cyclical and depends largely on both the election cycle and whether any major election systems are being replaced. Therefore, there are several large changes between the fiscal 2018 working appropriation and the fiscal 2019 allowance. They include increases for ballot printing (\$1 million) and mailing (\$45,400), for the maintenance of the voter registration system (\$161,398), and for the contract for the post-election audit (\$27,000). In addition, there are changes for the IT systems and equipment discussed below:

- **Agency Election Management System:** SBE expenditures for the planning and implementation of the Agency Election Management System (AEMS) Modernization project decrease by \$104,920, and expenditures to maintain the legacy system in fiscal 2019 decrease by \$60,142. A provision in Chapter 23 of 2017 (the Budget Reconciliation and Financing Act (BRFA)) authorized DBM to transfer funds within SBE and from DoIT's Major Information Technology Development Project Fund (MITDPF) to support the operations of the legacy AEMS that were not budgeted in the fiscal 2018 budget. For this project, \$251,155 in general funds and \$483,765 in reimbursable funds were transferred from DoIT to SBE in fiscal 2018.
- **NVSR:** The NVSR project was part of DoIT's Major IT project portfolio until early fiscal 2018. The BRFA of 2017 authorized the transfer of funds from the MITDPF to support the operations and maintenance of the new system in fiscal 2018, and a total of \$3.5 million was transferred for this purpose. Total expenditures for NVSR decrease by \$105,051 to \$6.2 million in fiscal 2019.
- **New Pollbooks:** The fiscal 2019 allowance includes an increase of \$8 million in special funds from local jurisdictions for the acquisition of new pollbooks. SBE has used the same pollbooks

since the 2006 election and is preparing to switch to modern tablet computers. This equipment will be piloted in Caroline and Charles counties in the June 2018 primary election. At the time that the fiscal 2019 budget was submitted, SBE believed that its local partners would be purchasing the equipment outright, with the entire cost being reflected in the fiscal 2019 allowance. However, SBE now reports that the local governments have decided to take advantage of the State Treasurer's Office's Equipment Lease-Purchase program to finance the acquisition over a three-year period. While the exact annual cost will not be determined until later in the process, the fiscal 2019 budget should be adjusted to reflect the impact of this change. **DLS recommends that the fiscal 2019 appropriation for the acquisition of new pollbooks be reduced to account for the fact that the purchase will now be financed over three years through the Equipment Lease-Purchase program.**

Other Changes

Finally, for SBE's general operations, there is an increase for rent (\$87,097).

Issues

1. Preparations for the 2018 Election

Preparations are well underway for the 2018 election. While it is too early to fully anticipate all of the issues that are likely to arise this election cycle or to predict which will be the most important over the course of the coming year, there are at least two areas of emphasis worthy of consideration at this point.

Changes for Early Voting Sites

SBE has announced that there will be 78 early voting sites for the primary election and 79 for the general election. This is an increase of 10 sites for the primary election and 1 more for the general election over the 2016 election. In addition, SBE reports that a total of 9 sites are moving to new locations because the prior site was unavailable, or LBE determined that an alternative site is preferable. A list of new early voting sites is provided for informational purposes in **Appendix 4**.

Ballot Marking Devices

Since the State reintroduced paper ballots in 2015 and 2016, SBE has offered ballot-marking devices (BMD) for voters with disabilities. As the name suggests, these machines assist voters by marking a paper ballot based on entries recorded with a touchscreen. The return to hand-marked, paper ballots necessitates that each early voting site and Election Day polling place have a BMD available for voters. In addition, SBE has developed procedures to ensure that the devices are used by enough voters to maintain the secrecy of each vote cast.

While providing this service to support voting is essential, the BMDs currently being used across the State are not perfect. In particular, a navigation problem has persisted since the machines debuted: only seven candidates can be displayed on the screen at any given time. For any contest with more than seven candidates, the voter is required to advance to a second screen to see additional candidates and has no ability to view all candidates at the same time. The on-screen navigation buttons to move through the full list of candidates, to vote in the contest, and to move to the next or prior contest are confusing for voters and can lead to errors. The problem is severe enough that the board voted to abandon a plan to use only BMDs for early voting for the 2016 election.

SBE had been working with the BMD vendor to eliminate these navigation problems in a recent software update before the 2018 election. However, because the problem could not be resolved, SBE held public meetings and met with stakeholders. It voted unanimously to continue the mitigation plan used for the 2016 election and make the devices available at each early voting center, but not mandatory for all early voters. **SBE should comment on why the vendor was not able to resolve the software issue for the 2018 election and how it plans to resolve the problem for the future. DLS also recommends that narrative be adopted requiring SBE to submit a status update to the committees before the start of the 2019 session.**

2. Election Security

One additional area of ongoing concern following the 2016 election is election security. As has been widely reported over the last year, there were attempts by the Russian government in the lead up to the 2016 election to compromise state election systems via online attacks against public-facing electoral websites. Maryland has been informed by the U.S. Department of Homeland Security (DHS) that it was 1 of 21 states that were targeted during the 2016 election cycle.

While SBE does not publically disclose all of the details about its systems or its security, with good reason, there are some basic facts about SBE's structure and the attempted interference in the 2016 election that should provide some reassurance as the 2018 election approaches.

SBE has reported that attempts to penetrate the Online Voter Registration System (OLVR), were not successful, and the system was not compromised. The OLVR is a public-facing website and, as with all such websites, it is exposed to intrusion and other disruptions (such as distributed denial of service attacks) merely because it is a public access point.

Even if the OLVR could be successfully targeted, this does not necessarily mean that the MDVOTERS database could be easily manipulated. The systems are separate, and the MDVOTERS database does not pull information directly from the OLVR. When an individual registers to vote or changes their voter information in the OLVR, that information is only transferred into MDVOTERS by LBE employees. In addition, SBE carefully monitors both systems and maintains backups of both, if needed. SBE works with DoIT, DHS, and private cybersecurity firms to protect its systems.

Further, the voting systems themselves (pollbooks, BMDs, and ballot scanners) are not connected to the Internet during early voting or on Election Day and have a variety of physical and software protections in place to ensure their integrity. Each machine is reset and checked for accuracy before each election by LBE staff, and a formal chain of custody of the physical machines is also established that lasts through the election. Even if a machine malfunctioned or was compromised, the State has returned to voting with paper ballots. For the 2018 election, SBE will be able to provide a scan of each ballot cast in the State to an audit firm to verify the accuracy of the scanning machines used by the State to tabulate votes. In addition, because there are actual paper ballots generated by voters, a hand recount or audit of those ballots can be conducted.

While it is important that SBE and the State remain vigilant in order to ensure the integrity of elections and maintain public confidence, it does appear that SBE has been proactive and has put protections in place that will make it difficult to materially undermine an election. **DLS recommends that SBE update the committees on the status of its cybersecurity operations and how it will ensure the integrity of the 2018 election before, during, and after voting.**

Operating Budget Recommended Actions

- | | <u>Amount
Reduction</u> |
|--|------------------------------------|
| 1. The allowance includes \$8 million in special funds from local governments to purchase new pollbooks across the State. This acquisition will be financed through the Equipment Lease-Purchase program of the State Treasurer's Office over a three-year period. This action reduces the allowance to reflect this financing plan. | \$ 5,363,547 SF |

2. Adopt the following narrative:

Unresolved Ballot Marking Device Problems: The committees are concerned that problems with ballot marking devices identified before the 2016 election have not been resolved for the 2018 election. These problems make voting more difficult by creating confusion for voters and limiting the number of candidates that can be displayed on screen at one time. The committees express the intent that these issues should be resolved before the 2020 election and request an update before the start of next session on the remedial actions being taken by the State Board of Elections (SBE).

Information Request	Author	Due Date
Unresolved ballot marking device problems	SBE	January 14, 2019
Total Special Fund Reductions		\$ 5,363,547

Updates

1. Fair Campaign Finance Fund

The Fair Campaign Finance Fund had a balance of \$2,964,571 as of February 9, 2018. SBE has calculated that the expenditure limit for the 2018 gubernatorial election is \$2,798,370 based on the formula established in Election Law Article § 15-105. SBE reports that the balance in the fund is sufficient to fully fund one candidate in the primary election or one in the general election but not both. To the extent that there is not sufficient funding available to fully fund each candidate requesting public financing, SBE is required to provide funds to all qualified candidates on a proportional basis. As of this writing, one candidate has qualified to receive public funds for the primary election in June.

2. Expansion of the Election Registration Information Center Should Improve Accuracy of Voter Rolls

ERIC is a national consortium currently composed of 22 states, including Maryland and the District of Columbia. ERIC was founded by Maryland and six other states in 2012 to share information on registered voters in order to improve the accuracy of voter rolls. The collection and comparison of records allows participants to identify errors in registration information and more readily determine when a registrant has had a status change that would affect their eligibility to vote (*i.e.*, moving to another state).

The organization has added 16 participating jurisdictions since 2014, including Arizona in December 2017 and Missouri in January 2018. Each new jurisdiction provides additional benefits for all participating states. It is anticipated that ERIC will grow significantly in the near future, as it is now likely that California and Florida will join the consortium.

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

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2017					
Legislative Appropriation	\$8,393	\$13,677	\$204	\$0	\$22,274
Deficiency Appropriation	823	0	0	0	823
Cost Containment	0	0	0	0	0
Budget Amendments	45	527	0	5,342	5,914
Reversions and Cancellations	0	-972	-81	-194	-1,247
Actual Expenditures	\$9,261	\$13,231	\$123	\$5,149	\$27,764
Fiscal 2018					
Legislative Appropriation	\$7,488	\$12,041	\$85	\$0	\$19,613
Cost Containment	0	0	0	0	0
Budget Amendments	704	0	0	3,537	4,241
Working Appropriation	\$8,191	\$12,041	\$85	\$3,537	\$23,855

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. Numbers may not sum to total due to rounding.

Fiscal 2017

The State Board of Elections (SBE) finished fiscal 2017 with actual expenditures \$5.5 million above the legislative appropriation. This increase is attributable to the allocation of reimbursable funds from the Department of Information Technology (DoIT) for Major Information Technology (IT) Projects, deficiencies for costs associated with the 2016 election, and additional special funds for voting equipment requested by local boards.

General Fund

General fund expenditures were \$868,119 above the legislative appropriation. Two deficiency appropriations added a total of \$823,200. The first provided an additional \$571,812 for costs related to the 2016 election, and the second added \$251,388 to cover legal fees accrued by the board. In addition, a budget amendment added \$44,919 for employee increments.

Special Fund

Special fund expenditures were \$445,109 below the legislative appropriation. This decrease is attributable to the cancellation of \$971,894 in unspent funds, which was partially offset by the impact of budget amendments that added \$524,080 for election equipment requested by local boards and \$2,705 for employee increments.

Federal Fund

Federal fund expenditures fell \$81,288 below the appropriation due to the cancellation of unspent funds.

Reimbursable Fund

There was no reimbursable fund appropriation included in the approved budget. Two budget amendments added \$5.3 million in reimbursable funds from DoIT to support SBE's two Major IT Projects. Of these funds \$193,559 was canceled at the end of the fiscal year.

Fiscal 2018

To date, there have been two actions that have adjusted the fiscal 2018 legislative appropriation. Two budget amendments added \$703,727 in general funds and \$3.5 million in reimbursable funds for the New Voting System Replacement and Agency Election Management System IT projects. These funds were transferred from DoIT as authorized by Chapter 23 of 2017 (Budget Reconciliation and Financing Act).

Appendix 2
Audit Findings

Audit Period for Last Audit:	August 23, 2012 – October 22, 2015
Issue Date:	April 2017
Number of Findings:	8
Number of Repeat Findings:	0
% of Repeat Findings:	0%
Rating: (if applicable)	n/a

- Finding 1:** The State Board of Elections (SBE) did not ensure the accuracy of the data recorded in the voter registration system (MDVOTERS) or whether related user access was appropriate.
- Finding 2:** SBE did not ensure that personally identifiable information from the MDVOTERS database provided to an external third party was properly safeguarded.
- Finding 3:** SBE unnecessarily retained personally identifiable information within the MDVOTERS database.
- Finding 4:** SBE did not adequately authenticate certain voters who requested absentee ballots.
- Finding 5:** A critical voting system was not backed up offsite and was not properly addressed in the SBE Disaster Recovery Plan.
- Finding 6:** Controls were not in place over the receipt and opening of certain bids, and SBE could not support that two single-source contract awards were in the State's best interest. Additionally, SBE did not publish certain contract awards in eMaryland Marketplace.
- Finding 7:** SBE did not have a comprehensive process in place to ensure that certain billed work was in accordance with approved contract terms or was adequately documented.
- Finding 8:** At the 2015 fiscal year-end, SBE had an unexplained deficit fund balance and had recorded certain unsupported revenues to eliminate deficits.

*Bold denotes item repeated in full or part from preceding audit report.

Appendix 3
Major Information Technology Projects
State Board of Elections
Agency Election Management System Modernization

Project Status	Implementation.			New/Ongoing Project:		Ongoing.		
Project Description:	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 multilanguage 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.							
Project Business Goals:	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.							
Estimated Total Project Cost:	\$5,492,652			Estimated Planning Project Cost:		\$1,157,812		
Project Start Date:	May 2017			Projected Completion Date:		December 2018		
Schedule Status:	Planning was completed in the first quarter of fiscal 2018. The project entered the planning phase approximately seven months behind schedule and is currently scheduled for completion in December 2018.							
Cost Status:	The cost estimate has increased by \$447,500 to reflect an additional year of operating expenditures (fiscal 2022).							
Scope Status:	Due to project delays in fiscal 2017 and the necessity of having the AEMS operational for the 2018 election, the legacy system will be maintained. Funding for this purpose is included in the fiscal 2019 allowance.							
Project Management Oversight Status:	The fiscal 2019 allowance includes \$80,000 for Department of Information Technology oversight.							
Identifiable Risks:	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.							
Additional Comments:	n/a.							
Fiscal Year Funding (\$ in Thousands)	Prior Years	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Balance to Complete	Total
Personnel Services	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Professional and Outside Services	2,667.7	1,300.0	525.0	500.0	500.0	0.0	2,825.0	5,492.6
Other Expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Funding	2,667.7	1,300.0	525.0	500.0	500.0	0.0	2,825.0	5,492.7

Appendix 4
New and Relocated Early Voting Sites for 2018 Election

Anne Arundel County

Roger “Pip” Moyer Recreation Center, 273 Hilltop Lane, Annapolis, MD 21403
Crofton Community Library, 1681 Riedel Road, Crofton, MD 21114
Anne Arundel County Board of Elections, 6740 Baymeadow Drive, Glen Burnie, MD 21060

Baltimore City

Mount Pleasant Church & Ministries, 6000 Radecke Avenue, Baltimore, MD 21206
Dr. Carter G. Woodson Modular Building School #160, 2501 Seabury Road, Baltimore, MD 21225

Baltimore County

Jacksonville Recreation Center at Sweet Air Park, 3065 B Sweet Air Road, Jacksonville, MD 21131
County Campus Metro Centre at Owings Mills, 10302 Grand Central Avenue, Owings Mills, MD 21117

Carroll County

South Carroll Swim Club, 1900 W. Liberty Road, Westminster, MD 21157

Dorchester County

Dorchester Center for the Arts, 321 High Street, Cambridge, MD 21613

Howard County

Howard County Fairgrounds, 2210 Fairgrounds Road, West Friendship, MD 21794

Montgomery County

St. Catherine Laboure Catholic Church, 11801 Claridge Road, Wheaton, MD 20902
Sandy Spring Volunteer Fire Department, 17921 Brooke Road, Sandy Spring, MD 20860

Prince George’s County

Kentland Community Center, 2413 Pinebrook Avenue, Hyattsville, MD 20785
VFW Post 8950, Hansen Hall, 9800 Good Luck Road, Lanham, MD 20706

Queen Anne’s County

Kent Island Library, 200 Library Circle, Stevensville, MD 21666

D38I01 – State Board of Elections

St. Mary's County

Hollywood Firehouse Main Building, 24801 Three Notch Road, Hollywood, MD 20636

Washington County

Hager Hall Conference and Event Center, 901 Dual Highway, Hagerstown, MD 21740

MD: Maryland

Source: State Board of Elections

Appendix 5
Object/Fund Difference Report
State Board of Elections

<u>Object/Fund</u>	<u>FY 17 Actual</u>	<u>FY 18 Working Appropriation</u>	<u>FY 19 Allowance</u>	<u>FY 18 - FY 19 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	41.80	41.80	41.80	0.00	0%
02 Contractual	1.00	1.00	1.00	0.00	0%
Total Positions	42.80	42.80	42.80	0.00	0%
Objects					
01 Salaries and Wages	\$ 4,053,796	\$ 4,108,664	\$ 4,138,572	\$ 29,908	0.7%
02 Technical and Spec. Fees	76,898	133,510	134,274	764	0.6%
03 Communication	799,184	459,107	467,315	8,208	1.8%
04 Travel	94,395	156,255	135,925	-20,330	-13.0%
07 Motor Vehicles	1,375	2,030	1,430	-600	-29.6%
08 Contractual Services	13,167,157	13,277,460	13,203,299	-74,161	-0.6%
09 Supplies and Materials	178,400	177,081	185,195	8,114	4.6%
10 Equipment – Replacement	7,084,982	4,715,064	14,375,887	9,660,823	204.9%
11 Equipment – Additional	466,084	232,709	0	-232,709	-100.0%
12 Grants, Subsidies, and Contributions	1,032,852	0	0	0	0.0%
13 Fixed Charges	809,229	592,739	670,982	78,243	13.2%
Total Objects	\$ 27,764,352	\$ 23,854,619	\$ 33,312,879	\$ 9,458,260	39.6%
Funds					
01 General Fund	\$ 9,261,209	\$ 8,191,244	\$ 12,168,495	\$ 3,977,251	48.6%
03 Special Fund	13,231,439	12,040,974	21,144,384	9,103,410	75.6%
05 Federal Fund	122,968	85,000	0	-85,000	-100.0%
09 Reimbursable Fund	5,148,736	3,537,401	0	-3,537,401	-100.0%
Total Funds	\$ 27,764,352	\$ 23,854,619	\$ 33,312,879	\$ 9,458,260	39.6%

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2019 allowance does not include contingent reductions or cost-of-living adjustments.

Appendix 6
Fiscal Summary
State Board of Elections

<u>Program/Unit</u>	<u>FY 17 Actual</u>	<u>FY 18 Wrk Approp</u>	<u>FY 19 Allowance</u>	<u>Change</u>	<u>FY 18 - FY 19 % Change</u>
01 General Administration	\$ 4,430,699	\$ 4,581,264	\$ 4,532,358	-\$ 48,906	-1.1%
02 Help America Vote Act	11,980,016	11,984,160	28,130,521	16,146,361	134.7%
03 Major IT Development Projects	10,320,785	7,289,195	650,000	-6,639,195	-91.1%
04 Campaign Finance Fund	1,032,852	0	0	0	0%
Total Expenditures	\$ 27,764,352	\$ 23,854,619	\$ 33,312,879	\$ 9,458,260	39.6%
General Fund	\$ 9,261,209	\$ 8,191,244	\$ 12,168,495	\$ 3,977,251	48.6%
Special Fund	13,231,439	12,040,974	21,144,384	9,103,410	75.6%
Federal Fund	122,968	85,000	0	-85,000	-100.0%
Total Appropriations	\$ 22,615,616	\$ 20,317,218	\$ 33,312,879	\$ 12,995,661	64.0%
Reimbursable Fund	\$ 5,148,736	\$ 3,537,401	\$ 0	-\$ 3,537,401	-100.0%
Total Funds	\$ 27,764,352	\$ 23,854,619	\$ 33,312,879	\$ 9,458,260	39.6%

Note: The fiscal 2018 appropriation does not include deficiencies, targeted reversions, or across-the-board reductions. The fiscal 2019 allowance does not include contingent reductions or cost-of-living adjustments.