

D38I01
State Board of Elections

Operating Budget Data

(\$ in Thousands)

	<u>FY 15</u> <u>Actual</u>	<u>FY 16</u> <u>Working</u>	<u>FY 17</u> <u>Allowance</u>	<u>FY 16-17</u> <u>Change</u>	<u>% Change</u> <u>Prior Year</u>
General Fund	\$6,027	\$5,789	\$9,210	\$3,421	59.1%
Deficiencies and Reductions	0	758	-6	-764	
Adjusted General Fund	\$6,027	\$6,547	\$9,204	\$2,657	40.6%
Special Fund	7,985	13,400	13,677	277	2.1%
Deficiencies and Reductions	0	758	-1	-758	
Adjusted Special Fund	\$7,985	\$14,158	\$13,677	-\$481	-3.4%
Federal Fund	341	536	204	-332	-61.9%
Adjusted Federal Fund	\$341	\$536	\$204	-\$332	-61.9%
Reimbursable Fund	3,100	6,643	0	-6,643	-100.0%
Adjusted Reimbursable Fund	\$3,100	\$6,643	\$0	-\$6,643	-100.0%
Adjusted Grand Total	\$17,452	\$27,884	\$23,085	-\$4,799	-17.2%

- The fiscal 2017 allowance for State Board of Elections (SBE) contains a deficiency appropriation for fiscal 2016 of \$1,515,016, half in general funds and half in special funds. The additional funds are intended for staffing and transportation in the primary election.
- After accounting for deficiency and a back of the bill reduction in health insurance, the allowance decreases by \$4.8 million, or 17.2%, compared to the fiscal 2016 working appropriation.
- The decrease in the allowance is due to a reduction in reimbursable funds (\$6.6 million) from the Major Information Technology Development Project Fund in the Department of Information Technology. This is offset by an increase in general funds (\$2.7 million), which is due, in large part, to the replenishment of the Fair Campaign Finance Fund (\$1.8 million).

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

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Personnel Data

	<u>FY 15 Actual</u>	<u>FY 16 Working</u>	<u>FY 17 Allowance</u>	<u>FY 16-17 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	1.07	2.55%
Positions and Percentage Vacant as of 12/31/15	1.00	2.39%

- Turnover expectancy increases from 1.68% to 2.55% in the fiscal 2017 allowance.
- As of December 31, 2015, SBE has a vacancy rate of 2.39%, or 1.0 position.

Analysis in Brief

Major Trends

New Managing for Results Submissions: SBE began reporting some data on a yearly basis rather than only election cycle data. Most of the calendar year data is incomplete or has not been tracked long enough to analyze.

Preparation for the 2016 Elections: SBE has already undertaken many actions to prepare for the 2016 elections. It has received all candidate filings, sent out pre-election surveys to local boards, completed the *Election Judges' Manual*, and transported most voting equipment to local boards.

Issues

Funding and Early Voting Issues in the 2016 Presidential Primary: SBE omitted funding considered necessary for the new voting system from the fiscal 2016 allowance and no additional funding was subsequently added to the budget during the 2015 session. The 2015 *Joint Chairmen's Report* requested SBE to report on how it would fund these necessary costs and on the impact on the 2016 presidential primary if no additional funds are available. Additionally, SBE made a late change in the voting process for early voting in the primary election.

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Funding for Voter Outreach: In June 2015, the Board of Public Works denied a contract award proposed by SBE for a statewide voter outreach campaign to create awareness and promote acceptance of Maryland’s new voting system. Section 9-102 of the Election Law Article mandates an outreach campaign for all new voting systems. The fiscal 2016 budget includes \$1.8 million (\$0.9 million each in State and local funds) for the outreach contract.

Recommended Actions

	<u>Funds</u>
1. Defer funding for the State Board of Elections’ Agency Election Management System Modernization Project.	\$ 578,906
2. Reduce general funds in the Fair Campaign Finance Fund to reflect only the amount used for purposes unrelated to public campaign financing.	790,964
Total Reductions	\$ 1,369,870

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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. New Managing for Results Submissions

The performance of SBE is ultimately measured by how well the last election went. Recognizing this, SBE's Managing for Results data submission each year is presented using election cycles rather than fiscal years. Beginning in fiscal 2015, SBE began reporting some data on a yearly basis rather than only election cycle data. As shown in **Exhibit 1**, most of the calendar year data is incomplete or has not been tracked long enough to analyze.

The measures related to LBEs present data on the Election Preparedness and Professional Development (EPPD) program. Implementation of EPPD began in 2010. SBE reports 0% of LBE employees having obtained certification in 2014 or 2015. **SBE should comment on why no employees have received certification in the years that the certification program has been available and why 50% of employees are expected to be certified in 2016.**

**Exhibit 1
Calendar Year Data
2012-2017 Est.**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016 Est.</u>	<u>2017 Est</u>
Voter Outreach						
Annual Twitter.com percent change	n/a	n/a	n/a	87.0%	59.0%	24.0%
Voter Registration Related						
Percentage of voter registration applications submitted from State agencies required to offer voter registration	n/a	n/a	n/a	85.0%	90.0%	95.0%
Data quality standards for voter registration met by the LBEs	91.7%	n/a	90.0%	92.0%	95.0%	96.0%
Local Boards of Elections						
Number of certification related courses offered by SBE	3	n/a	2	2	2	2
Number of LBE employees participating in the program	211	n/a	175	182	180	180
Percent of LBE employees that have obtained certification	n/a	n/a	0.0%	0.0%	50.0%	50.0%

LBE: Local Board of Elections
SBE: State Board of Elections

Source: State Board of Elections

2. Preparation for the 2016 Elections

SBE has already undertaken many actions to prepare for the 2016 elections. Through the deadline (February 3), SBE had received 900 candidacy filings (for both State and local offices). To prepare for these filings, SBE trains LBEs on candidate filing procedures and trains the candidates and campaign finance treasurers on campaign finance filing requirements.

As of mid-February, SBE had distributed one of its pre-election surveys to LBEs. Conducted before each election, the survey requested information on how many resources each LBE expected to need and how many supplies each has in its inventory. SBE plans to send a second survey, which requests contact information and personnel assignments from each LBE. Some LBEs have begun election judge training, with more starting over the next few weeks. Training continues into the weekend before the election.

In addition, SBE has completed its work on the *Election Judges' Manual* for 2016 and has forwarded it to LBEs. The *Election Judges' Manual* reflects all recent changes to the process, including the change in the early voting site process.

SBE is also in the process of, or has completed, procurements related to the administration of an election, including ballot printing; printing, collating, and mailing absentee ballots; and voting system support. Most voting equipment has been received by LBEs with the exception of some ancillary supplies that will be delivered in the beginning of March. The first mailing of absentee ballots will be sent out by mid-March.

Fiscal 2016 Actions

Proposed Deficiency

The fiscal 2017 allowance for SBE contains a deficiency appropriation for fiscal 2016 of \$1,515,016, half in general funds and half in special funds. The deficiency is for staffing and transportation of equipment during the primary election. Funds for these two purposes are budgeted at the same level in the fiscal 2017 allowance.

SBE provides temporary staffing for the upcoming election cycle. County technicians start work eight weeks before an election and end two weeks after an election; testers are hired to test all of the equipment; field support and Election Day technicians are hired for the day of the election. Bids received for the election staffing contract were higher than budgeted for fiscal 2016. Additional staffing accounts for \$1,143,624 of the deficiency appropriation.

The transportation contract required a modification to account for the new voting equipment. The equipment needs to be transported from LBE warehouses to early voting centers and polling locations, then back to the LBE warehouses. The contract needed to be modified because of the quantity and size of the new equipment. Additional transportation accounts for \$371,392 of the deficiency appropriation.

Voter Outreach Funds

The fiscal 2016 legislative appropriation included \$1.8 million for voter outreach, half in special funds and half in the Major Information Technology Development Project Fund (MITDPF). In June 2015, the Board of Public Works (BPW) denied a contract award proposed by SBE for a statewide voter outreach campaign to create awareness and promote acceptance of Maryland's new voting system. As a result of the contract denial, \$900,000 in the MITDPF was planned to be reverted to offset needs related to the fiscal 2016 2% across-the-board cut although it is now assumed in the Department of Information Technology's (DoIT) fiscal 2017 budget. The \$900,000 in special funds that were budgeted within SBE are assumed to be cancelled at the end of fiscal 2016. However, DoIT transferred the \$900,000 from the MITDPF by a reimbursable amendment to SBE in July 2015. Since the \$900,000 is required by DoIT as part of its fiscal 2017 budget, SBE will need to cancel the reimbursable funds.

Cost Containment

SBE’s general fund was reduced by \$133,000. SBE realized the savings by reducing operating expenditures delaying annual penetration testing, staggering software license purchases, reducing operating expenditures, and using federal funds for Electronic Registration Information Center printing and voter registration application printing.

Proposed Budget

As shown in **Exhibit 2**, the fiscal 2017 allowance of SBE decreases by \$4.8 million, or 17.2%, compared to the fiscal 2016 working appropriation after accounting for proposed deficiency appropriations and an across-the-board reduction in health insurance in fiscal 2017.

A reimbursable fund decrease of \$6.6 million from the MITDPF represents the State’s share of costs associated with the New Voting System Replacement (NVSr) project in fiscal 2016. The State’s share of these costs are budgeted in the MITDPF in DoIT in the fiscal 2017 allowance. When accounting for the funds included in the MITDPF for the new voting system (\$5.0 million) and a new major information technology (IT) project (\$578,906) in the fiscal 2017 allowance, the budget for SBE increases by \$0.8 million.

Exhibit 2
Proposed Budget
State Board of Elections
(\$ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2015 Actual	\$6,027	\$7,985	\$341	\$3,100	\$17,452
Fiscal 2016 Working Appropriation	6,547	14,158	536	6,643	27,884
Fiscal 2017 Allowance	<u>9,204</u>	<u>13,677</u>	<u>204</u>	<u>0</u>	<u>23,085</u>
Fiscal 2016-2017 Amount Change	\$2,657	-\$481	-\$332	-\$6,643	-\$4,799
Fiscal 2016-2017 Percent Change	40.6%	-3.4%	-61.9%	-100.0%	-17.2%

Where It Goes:

Personnel Expenses

Retirement	\$88
Employee and retiree health insurance	82
Other fringe benefits	11
Regular earnings	9

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Where It Goes:

Turnover adjustments	-32
Voting System and Election Related Information Technology	
Ballot printing	773
Agency Election Management System modernization	579
ePollbook software pilot program	550
ePollbook software development	88
Memorandum of Understanding with Maryland State Archive	46
New voting system replacement project costs	-8,496
Voter Registration System	
Voter registration contract costs and same day registration	278
Network switch and router refresh	185
Transition from Oracle to SQL and purchase of SQL server licenses	-384
Election Related	
General election call center	221
ePollbook maintenance	45
ePollbook supplies	-98
Public campaign financing for local offices	-157
Purchase of additional ePollbooks in fiscal 2016 to address long lines	-178
Federal Funds	
Electronic absentee systems for elections	90
Help America Vote Act requirements payments	-75
Effective absentee systems for elections	-86
Voting access for individuals with disabilities	-261
Other Changes	
Replenish Fair Campaign Finance Fund	1,824
Voice over Internet protocol telephone system	116
Department of Budget and Management paid telecommunications	-60
Rent	-103
Other	146
Total	-\$4,799

SQL: Structured Query Language

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

Across-the-board Reductions

The fiscal 2017 budget bill includes an across-the-board reduction for employee health insurance, based on a revised estimate of the amount of funding needed. This agency's share of these reductions is \$6,445 in general funds and \$556 in special funds. There is an additional across-the-board reduction to abolish positions statewide, but the amounts have not been allocated by agency.

New Voting System Replacement

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 provided for the system in the fiscal 2014 budget, including a deficiency appropriation for fiscal 2013, allowing the project to move forward once again.

Funds were included in the fiscal 2015 and 2016 budgets to implement the new system. In total, \$19,109,567 has been appropriated for the NVSR project. The fiscal 2017 allowance includes \$10,081,912 (half in special funds and half in the MITDPF). The \$8.5 million decrease in funding shown in Exhibit 4 does not account for fiscal 2017 funds in the MITDPF (\$5.0 million) or anticipated cancellations in fiscal 2016 (\$1.8 million). **Appendix 2** provides the estimated cost for the system over the life of the voting system equipment lease by fiscal year.

Issues and Risks

DoIT has raised a number of issues about the implementation of the NVSR. In November 2015, an internal memo between the Secretary of Information Technology and his chief of staff raised

10 concerns that were the basis for a briefing before the Senate Education, Health, and Environmental Affairs committee in December 2015. For many of the concerns, DoIT did not comment on specifics. However, both DoIT and SBE assured the committee that the concerns were not an issue or were being addressed. In the fiscal 2016 *Mid-Year Report on Major Information Technology Development Projects*, DoIT reiterated one of the concerns that were presented in the November 2015 memo: a mock election held in October 2015 did not have all components ready and available for a full run-through test. DoIT believes additional testing will be necessary, which includes network installation and testing of regional locations. **SBE should comment on whether additional tests will be conducted to address missing components of the October mock election.**

The Information Technology Project Request for the project, as previous versions had, listed a number of high and medium risks for the project, seven of which were rated high. The high risks are:

- **Sponsorship** – losing financial and political support, which is expected to be mitigated by communications and stakeholder management to forecast and proactively address potential issues;
- **Funding** – there is a possibility that segments of the project will not be funded, which could negatively impact the project overall;
- **Resource Availability** – the project will require the near full-time participation of subject matter experts, who have significant roles in other projects that include the tasks associated with executing an election;
- **Interdependencies** – several projects and work efforts are dependent on and have a significant impact on the implementation of the new voting system project;
- **Technical** – a large amount of time and effort is required to satisfy the detailed technical requirements for integrating the new voting system into the Maryland environment;
- **Organizational Culture** – the need to adjust business processes, policies, and procedures at SBE and LBEs, which will be mitigated by a business process analysis and review, organization change management, documentation, communication, and collaboration with stakeholders; and
- **Supportability** – not receiving or maintaining cooperation and assistance with the project, which will be mitigated by stakeholder identification and management and communications management.

Same-day Voter Registration

Chapters 157 and 158 of 2013 established a process for individuals to register to vote and cast ballots on the same day during early voting, beginning with the 2016 elections. The Act also allows individuals to update their address in an existing voter registration record during early voting and cast

a regular ballot instead of a provisional ballot. Same-day registration and address changes are still not permitted on Election Day.

SBE indicates that it will pre-qualify Maryland residents for voter registration based on Motor Vehicle Administration records in order to lessen the impact of the extra process on voter wait times. The pre-qualifiers are whether the resident is alive and whether the resident is convicted of a felony, although, with the enactment of Chapter 6 of 2016, felons can now vote in the upcoming election immediately after being released from incarceration.

SBE plans to have specialized training and a specialized manual for election judges that conduct the same-day voter registration. The board also indicates that many local boards will attempt to assign employees and experienced election judges to be responsible for the new process. **SBE should provide an update of the implementation of same-day voter registration, including how it will account for Chapter 6 of 2016.**

Auditing the Election

SBE indicates that it has not yet chosen a method for auditing the election. The board is exploring the option of piloting multiple choices after the primary election. Every election is audited; however, paper ballots allow for more options to audit. SBE released a Request for Information (RFI) in order to identify the options that exist. Three companies responded to the RFI. **SBE should provide an update of its choice for the post-election audit.**

Agency Election Management System

The fiscal 2017 allowance includes \$578,906 in special funds for the Agency Election Management System (AEMS) Modernization Major IT Project. A similar amount of general funds is budgeted in the MITPDF. As shown in **Appendix 3**, the total cost of the project is estimated at \$3,490,994. 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.

SBE indicates that AEMS is 25 years old, and the platform and programming technology are not currently supported. Continued alterations to AEMS have added to the complexity of the system and increased the difficulty of migrating to a newer system in the future. The current support contract for AEMS ends December 31, 2016, and there is no option for renewal. SBE indicates that the system will need to be changed for the 2018 gubernatorial election.

The project request notes that there is a high risk due to resource availability, because SBE subject matter experts may be unavailable while supporting the 2016 election cycle. **Due to the complexity of implementing the NVSR project and the numerous issues that have arisen in the process, as well as the difficulty of starting a new project in an election year, the Department of Legislative Services recommends deferring the project and deleting the funds in the fiscal 2017 allowance.**

Fair Campaign Finance Fund

The fiscal 2017 allowance includes \$1,823,816 to replenish the Fair Campaign Finance Fund (FCFF). Section 15-103 of the Election Law Article establishes the FCFF and the fund is administered by the Comptroller. The fund is supported from revenue generated from an income tax checkoff on the individual income tax return form, as well as from various fines, fees, and penalties. Chapter 484 of 2010 repealed the income tax checkoff, although Chapter 312 of 2015 restored the income tax checkoff. There has never been an appropriation of general funds to the FCFF in the fund's 41-year history.

Beginning in 2009, following multiple election cycles without use of the public financing program, the General Assembly authorized certain amounts of money in the fund to be used for other election-related purposes. Between fiscal 2010 to 2014, \$1,032,852 was disbursed from the fund for other purposes.

In the 2014 gubernatorial election, two candidates qualified for public campaign financing through the FCFF for the first time since 1995. Disbursements to the two candidates totaled \$2,614,779.

As of February 2016, the balance in the FCFF is \$1,227,086. The amount included in the allowance is equal to half of the amount disbursed in the 2014 gubernatorial election and half of the amount disbursed for other purposes. The Department of Budget and Management indicates that it intends to replenish the FCFF over two years, with equivalent funds to be included in the fiscal 2018 allowance. By proposing a general fund appropriation that exceeds the amount diverted from the fund in prior years, the Administration is establishing a policy of using taxpayer dollars to support the fund. This represents the first use of general funds to support this activity and a potentially significant ongoing commitment of general funds. **DLS recommends reducing the general fund appropriation to \$1.1 million, the amount necessary to restore the funds diverted to other purposes in prior years.**

Federal Grants

The fiscal 2017 allowance includes \$204,256 in federal grants. This is a \$331,563 decrease compared to the fiscal 2016 working appropriation.

Fiscal 2016 was the last year of funding for the HAVA grant. The end of the HAVA grant represents a decrease of \$75,000 in fiscal 2017.

The Voting Access for Individuals with Disabilities grant from the U.S. Department of Health and Human Services decreases by \$260,974 in the fiscal 2017 allowance. SBE uses these funds for voter accessibility projects, including at voting sites. In fiscal 2017, the grant will be used to aid in the development of training documents related to voter accessibility at polling places. SBE indicates that the reduction in this grant will increase the local boards' costs for accessibility equipment at polling sites.

The Effective Absentee Systems for Elections (EASE) 2.0 grant from the U.S. Department of Defense Federal Voting Assistance Program decreases by \$85,954 in the fiscal 2017 allowance. The EASE 2.0 grant supports 1 contractual full-time equivalent to support the grant activities, temporary staff, and absentee ballot mailing and other shipping costs. The award of a \$90,364 Electronic Absentee Systems for Elections grant supports online voter registration and ballot delivery.

Issues

1. Funding and Early Voting Issues in the 2016 Presidential Primary

2015 Joint Chairmen’s Report

SBE omitted funding considered necessary for the new voting system from the fiscal 2016 allowance and no additional funding was subsequently added to the budget during the 2015 session. The 2015 *Joint Chairmen’s Report* (JCR) requested SBE to report on how they would fund these necessary costs and on the impact of the 2016 presidential primary if no additional funds are available. The State board’s response listed five omitted costs:

- paper ballots;
- ExpressPass printers;
- thumb drives;
- Election Mangement System support; and
- privacy sleeves.

In each case, SBE maintains, within the report, that the State’s share of additional costs can be absorbed within existing funds. Of note, the deficiency appropriation discussed earlier are for costs incurred in the 2016 primary. However, it is not for the costs listed in the JCR report.

Change in Primary Election Early Voting Site Voting Process

SBE decided early in implementation that early voting sites would have a different structure than that at Election Day polling places. On Election Day, most voters will use paper ballots that feed into the ballot scanners, with each site having an adequate number of ballot-marking devices (BMD) for voters with disabilities. Due to the number of ballot styles required at each early voting site, SBE chose to rely primarily on BMDs. A voter is able to access the correct ballot style on the BMD from numerous possibilities.

There are additional benefits to voters with disabilities in using BMDs as the primary voting tool in early voting. It is possible that very few voters with disabilities go to a specific early voting site. If there is only one BMD at early voting sites, as is the case at most Election Day polling places, there may not be a sufficient number of voters to ensure that the ballot is secret. If everyone votes using BMDs the issue of secrecy is eliminated.

In the Rockville local election held in November 2015, an issue arose with the BMDs. In races with more than seven candidates, not all candidates were shown on the same screen. Additionally, it

is possible for voters to choose a candidate without scrolling past the first screen of candidates. In a December 2015 briefing before the Senate Education, Health, and Environmental Affairs Committee, SBE testified that it was aware of the issue and it was working with the vendor to require voters to view all candidates prior to making a choice. SBE provided additional assurances that the issue would be resolved on January 27, 2016, in a House Ways and Means Committee briefing.

In early February 2016, after multiple assurances that the BMD issue would be resolved in time for the primary election, SBE voted unanimously to switch to paper ballots. SBE was able to ensure that voters viewed all candidates before choosing a candidate on the BMDs; however, when returning to a previous screen, the BMD returns to the previous ballot question, not the previous page of candidates. SBE thought that this would cause confusion for voters and increase voter wait times.

Under the new model, early voting is similar to voting on Election Day. Most voters will vote on paper ballots that feed into the scanning device, and each early voting site will have at least one BMD for voters with disabilities. There are new costs as well as savings that arise from this change in the voting model during early voting. One of the largest and most obvious costs is the printing of paper ballots in a large enough quantity and in every ballot style necessary for the voters served by each early voting site. Other costs will arise in addition to the printing of ballots. **SBE should provide all changes in cost that arise as a result of the change in the voting process at early voting sites.**

In addition to a change in costs, many issues may arise as a result of the switch to paper ballots at early voting sites. One issue in particular is ensuring that a sufficient number of ballots are allocated to early voting sites for each ballot style required. It may be difficult to estimate the correct number of ballots for each style. With many more ballot styles at each site than at an Election Day polling site, SBE may need to implement procedures to ensure that each voter receives the correct ballot style. **SBE should explain how it plans to properly allocate ballots to each early voting site, ensuring that there are a sufficient amount of each ballot style. Additionally, SBE should explain how it will ensure that each voter will vote using the correct ballot style.**

In order to ensure the secrecy of the ballots cast on BMDs, a certain number of voters, with disabilities or without, will need to use each BMD. SBE is in discussions with the Attorney General to determine the standard number of voters necessary to ensure secrecy. On Election Day, at least 30 voters need to use the BMD to ensure secrecy. At the early voting sites, some voters will be instructed to use the BMD to meet the standard. **SBE should provide an update on the development of a standard number of voters to ensure secrecy of ballots produced by BMDs. SBE should also explain steps that will be taken at early voting sites and on Election Day to ensure that voters who use BMDs are not confused while voting.**

SBE has stated that the BMDs will be utilized as originally intended for the general election, with the caveat that all eight candidates for the Circuit Court for Baltimore City do not advance after the primary election. If more than seven of the nine candidates advance to the general election, the BMDs cannot be utilized, because only seven can appear on one screen. **SBE should comment on whether the limit of candidates on one screen will continue to be an issue for the entire duration that the State uses this voting system, and if so, provide an update of plans to address the issue in future elections.**

2. Funding for Voter Outreach

In June 2015, BPW denied a contract award proposed by SBE for a statewide voter outreach campaign to create awareness and promote acceptance of Maryland’s new voting system. Section 9-102 of the Election Law Article mandates an outreach campaign for all new voting systems.

Many of the LBEs have started their own local campaigns in response to the lack of a statewide campaign. In a December 2015 Education, Health, and Environmental Affairs Committee hearing, both Montgomery and Howard counties provided testimony regarding local outreach campaigns. The Montgomery County government provided the local board with \$20,000 for outreach and the county council provided funds for 6 part-time employees to demonstrate the equipment locally. As of the December hearing, the Montgomery County board held demonstrations at 175 locations. A member of the Howard County board also testified that it has held hundreds of demonstrations, adding that it has found no problem with the lack a statewide campaign.

Despite reassurances from members of the local boards about their own outreach campaigns issues can arise from the lack of a uniform statewide campaign. Jurisdictions throughout the State may not have the same level of outreach, as some boards can stage a larger campaign than others. The Schaefer Center found that, in 2012, nearly half of early voters and 10% of Election Day voters experienced wait times of over 30 minutes. A new system, which includes extra steps in the voting process, can cause even longer wait times. **SBE should comment on the progress each local board has made with their outreach campaigns and any concerns that the State board has regarding the lack of outreach and an increase in voter wait times.**

Recommended Actions

	<u>Amount Reduction</u>	
1. Defer funding for the State Board of Elections’ (SBE) Agency Election Management System Modernization Project. The board is currently implementing its election system. Problems have been detected that the board believes cannot be overcome before the primary election. In February 2016, the board unanimously voted to use paper ballots, instead of the touch screen machines, in the April 2016 primary election. There are concerns about funding a second project before the first project is completed. The agencies’ resources are stretched as it works on the current project. The agency also will need to focus resources on the primary and general elections. The project request notes that “the availability of the SBE subject matter experts are a concern due to their priorities and responsibilities of supporting the 2016 presidential election cycle and the implementation of the new voting system.”	\$ 578,906	SF
2. The allowance includes \$1,823,816 in general funds to partially replenish the Fair Campaign Finance Fund for disbursements incurred in recent years. Another round of funding is anticipated in fiscal 2018. The disbursements included those unrelated to public campaign financing and those authorized for public campaign financing. This action reduces the allowance but leaves sufficient funding to fully replenish the fund for the total disbursements unrelated to public campaign financing.	790,964	GF
Total Reductions	\$ 1,369,870	
Total General Fund Reductions	\$ 790,964	
Total Special Fund Reductions	\$ 578,906	

Current and Prior Year Budgets

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 2015					
Legislative Appropriation	\$6,507	\$7,736	\$100	\$0	\$14,343
Deficiency Appropriation	0	1,264	0	0	1,264
Cost Containment	-359	-100	0	0	-459
Budget Amendments	-122	3	323	3,119	3,323
Reversions and Cancellations	0	-918	-82	-19	-1,019
Actual Expenditures	\$6,027	\$7,985	\$341	\$3,100	\$17,452
Fiscal 2016					
Legislative Appropriation	\$5,731	\$13,035	\$536	\$0	\$19,302
Budget Amendments	58	365	0	6,643	7,066
Working Appropriation	\$5,789	\$13,400	\$536	\$6,643	\$26,369

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. Numbers may not sum to total due to rounding.

Fiscal 2015

The fiscal 2015 legislative appropriation for SBE increased by \$3.109 million. Deficiency appropriations added \$1.264 million in special funds. Of this, \$1,155,458 was for the local share of additional costs associated with the NVSR Major IT Development Project. A change in the procurement plan for the voting system equipment led to unanticipated costs in fiscal 2015. The State's share of the additional costs appear as a deficiency appropriation in the MITDPF in DoIT. A second deficiency appropriation for SBE provided \$109,000 of special funds as part of a fund swap included in the cost containment actions approved by BPW on January 7, 2015. The special funds are available from campaign finance fees.

Two BPW cost containment actions, decreased the appropriation by \$458,725 (\$358,725 in general funds; \$100,000 in special funds). A July 2014 cost containment action reduced the appropriation by \$100,000 each in both general and special funds intended for absentee ballot printing. A January 2015 cost containment action reduced the general fund appropriation by \$258,725. The action included a reduction of \$109,000 due to the availability of special funds mentioned earlier; a \$21,000 reduction due to over budgeted rent; and the remaining \$128,725 in computer contracts, software licenses, software maintenance, projectors, printing, and association dues, which was part of a 2% across-the-board reduction.

The budget increased by \$3,322,798 in total funds through five amendments. An employee cost-of-living adjustment increase added \$31,776 (\$28,909 in general funds; \$2,867 in special funds). A \$151,000 decrease in general funds was the result of a realignment of telecommunications expenditures. The federal fund appropriation increased by \$323,245 for contractual services necessary for the absentee ballot system. Additionally, two amendments established a reimbursable fund appropriation of \$3,118,777 for the NVSR with funds transferred from the MITDPF.

SBE canceled \$1,018,987 in appropriations in fiscal 2015. The majority of canceled funds (\$898,032) were county special funds for the MDVOTERS III contract. This is a contract to incorporate campaign filing into Maryland's voter registration database. The contract amount was less than the budgeted amount. SBE canceled another \$82,248 in federal funds that were budgeted for 2 full-time temporary employees to prepare absentee ballot mailing. The remainder of canceled funds (\$19,592 in special funds and \$19,114 in reimbursable funds) were for voter outreach that was not fully utilized.

Fiscal 2016

To date, SBE's budget has increased by \$7,066,349. 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 poll books. A reimbursable fund amendment transferred the State's share of the costs for the NVSR project from the MITDPF to SBE, totaling \$6,643,299.

Major Information Technology Projects

State Board of Elections New Voting System Replacement Project

Project Status¹	Implementation.	New/Ongoing Project:	Ongoing.
Project Description:	This project allows the State Board of Elections (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. The implementation timeline will allow the system to be in place for the 2016 presidential election cycle.		
Project Business Goals:	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.		
Estimated Total Project Cost¹:	\$50,542,955	Estimated Planning Project Cost¹:	Not applicable as project is now in implementation.
Project Start Date:	Fiscal 2013.	Projected Completion Date:	Implementation on December 31, 2016, followed by operations and maintenance and disposition).
Schedule Status:	<p>Since the beginning of the 2015 calendar year, the completion of several significant milestones were realized that included but are not limited to:</p> <ul style="list-style-type: none"> • securing of a central warehouse facility to store both the new and current voting system equipment and supplies and completion of the onboarding of contract project resources to support the project; • transfer of the current voting system equipment and supplies from each of the 24 local boards of elections (LBE) to the SBE Central Warehouse in Glen Burnie; • assessment of each of the 24 LBEs warehouse facilities and their level of readiness for receiving the new voting system equipment and supplies and other related equipment, receipt and user acceptance testing of the voting system and network equipment, supplies, and software; • allocation and delivery of the new voting system equipment and supplies to the local boards of elections; • setting up and testing of two of the three networks required for the new voting system; 		

	<ul style="list-style-type: none"> • completion of the procurement requirements for voting system-related equipment that include carts, additional network equipment, and precinct voting booths; and • voting system-related training of management and staff of SBE and 24 LBEs. <p>In February 2016, SBE, in an emergency meeting, voted unanimously to alter the voting method at early voting sites in the 2016 primary election. As of this writing, the status of implementation of this change is unclear. The upgrade of the pollbook software release is behind schedule. It is outside the scope of the New Voting System Replacement project but does have a direct impact.</p>																																													
Cost Status:	Since the 2015 session, the overall cost of the new system has decreased. The costs through fiscal 2021 are estimated at \$50.5 million, which is \$6.4 million less than estimated in 2015. This is due, in part, to the denial of a voter outreach contract (\$1.8 million). An additional early voting center in Montgomery County may incur additional costs.																																													
Scope Status:	The fiscal 2016 <i>Mid-Year Report on Major Information Technology Development Projects</i> states that the mock election did not have all components ready and available for a full run-through test in October 2015, additional testing will be necessary to those excluded elements, which include the network installation and testing of the regional locations. Any issues identified during the Mock Election will also need to be resolved and tested.																																													
Project Management Oversight Status:	The fiscal 2017 allowance includes \$500,000 for the Department of Information Technology oversight.																																													
Identifiable Risks:	The fiscal 2016 Mid-Year Report on Major Information Technology Development Projects states that further component testing of the voting equipment will be needed to ensure its proper functionality, as a full end-to-end test will not be completed. In addition, reconfiguration of the software and network is necessary to comply with Maryland-specific processes for testing of some components. Any future software and network installation delays will create more risk to the project as these are critical path items. The Information Technology Program Request lists seven high risks: sponsorship, funding, resource availability, interdependencies, technical, organizational culture, and supportability.																																													
Fiscal Year Funding (\$ in Thousands)	<table border="1"> <thead> <tr> <th></th> <th>Prior Years</th> <th>FY 2017</th> <th>FY 2018</th> <th>FY 2019</th> <th>FY 2020</th> <th>FY 2021</th> <th>Balance to Complete</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Personnel Services</td> <td>\$0.0</td> <td>\$0.0</td> <td>\$0.0</td> <td>\$0.0</td> <td>\$0.0</td> <td>\$0.0</td> <td>\$0.0</td> <td>\$0.0</td> </tr> <tr> <td>Professional and Outside Services</td> <td>19,109.6</td> <td>10,081.9</td> <td>7,361.2</td> <td>5,012.9</td> <td>5,553.0</td> <td>0.0</td> <td>28,009.0</td> <td>47,118.6</td> </tr> <tr> <td>Other Expenditures</td> <td>0.0</td> <td>0.0</td> <td>0.0</td> <td>0.0</td> <td>0.0</td> <td>0.0</td> <td>0.0</td> <td>0.0</td> </tr> <tr> <td>Total Funding</td> <td>\$19,109.6</td> <td>\$10,081.9</td> <td>\$7,361.2</td> <td>\$5,012.9</td> <td>\$5,553.0</td> <td>\$0.0</td> <td>\$28,009.0</td> <td>\$47,118.6</td> </tr> </tbody> </table>		Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	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	19,109.6	10,081.9	7,361.2	5,012.9	5,553.0	0.0	28,009.0	47,118.6	Other Expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	Total Funding	\$19,109.6	\$10,081.9	\$7,361.2	\$5,012.9	\$5,553.0	\$0.0	\$28,009.0	\$47,118.6
	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Balance to Complete	Total																																						
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¹ Initially, an agency submits a Project Planning Request. After the requirements analysis has been completed and a project has completed all of the planning required through Phase Four of the Systems Development Lifecycle (Requirements Analysis), including a baseline budget and schedule, the agency may submit a Project Implementation Request and begin designing and developing the project when the request is approved. For planning projects, costs are estimated through planning phases. Implementation projects are required to have total development costs.

**State Board of Elections
Agency Election Management System Modernization**

Project Status¹	Planning.	New/Ongoing Project:	New.					
Project Description:	The Maryland 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.							
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 Cost¹:	\$3,490,994	Estimated Planning Project Cost¹:	\$815,712					
Project Start Date:	Fiscal 2017.	Projected Completion Date:	Planning on October 31, 2016.					
Schedule Status:	n/a							
Cost Status:	n/a							
Scope Status:	n/a							
Project Management Oversight Status:	The fiscal 2017 allowance includes \$55,134 for the 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.							
Fiscal Year Funding (\$ in Thousands)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	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	0.0	1,157.8	1,549.9	783.3	0.0	0.0	3,490.9	3,490.9
Other Expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Funding	\$0.0	\$1,157.8	\$1,549.9	\$783.3	\$0.0	\$0.0	\$3,490.9	\$3,490.9

¹ Initially, an agency submits a Project Planning Request. After the requirements analysis has been completed and a project has completed all of the planning required through Phase Four of the Systems Development Lifecycle (Requirements Analysis), including a baseline budget and schedule, the agency may submit a Project Implementation Request and begin designing and developing the project when the request is approved. For planning projects, costs are estimated through planning phases. Implementation projects are required to have total development costs.

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

<u>Object/Fund</u>	<u>FY 15 Actual</u>	<u>FY 16 Working Appropriation</u>	<u>FY 17 Allowance</u>	<u>FY 16 - FY 17 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	\$ 3,762,661	\$ 3,924,395	\$ 4,089,948	\$ 165,553	4.2%
02 Technical and Spec. Fees	167,288	158,164	175,176	17,012	10.8%
03 Communication	608,035	491,153	436,969	-54,184	-11.0%
04 Travel	55,146	100,964	84,550	-16,414	-16.3%
07 Motor Vehicles	3,300	3,120	3,530	410	13.1%
08 Contractual Services	9,148,224	15,175,928	11,269,831	-3,906,097	-25.7%
09 Supplies and Materials	216,289	598,910	154,038	-444,872	-74.3%
10 Equipment – Replacement	2,307,785	4,715,026	4,340,654	-374,372	-7.9%
11 Equipment – Additional	263,336	409,016	15,000	-394,016	-96.3%
12 Grants, Subsidies, and Contributions	0	0	1,823,816	1,823,816	N/A
13 Fixed Charges	920,343	791,902	698,347	-93,555	-11.8%
Total Objects	\$ 17,452,407	\$ 26,368,578	\$ 23,091,859	-\$ 3,276,719	-12.4%
Funds					
01 General Fund	\$ 6,026,531	\$ 5,789,434	\$ 9,210,499	\$ 3,421,065	59.1%
03 Special Fund	7,985,217	13,400,026	13,677,104	277,078	2.1%
05 Federal Fund	340,996	535,819	204,256	-331,563	-61.9%
09 Reimbursable Fund	3,099,663	6,643,299	0	-6,643,299	-100.0%
Total Funds	\$ 17,452,407	\$ 26,368,578	\$ 23,091,859	-\$ 3,276,719	-12.4%

N Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. The fiscal 2017 allowance does not include contingent reductions.

**Fiscal Summary
State Board of Elections**

<u>Program/Unit</u>	<u>FY 15 Actual</u>	<u>FY 16 Wrk Approp</u>	<u>FY 17 Allowance</u>	<u>Change</u>	<u>FY 16 - FY 17 % Change</u>
01 General Administration	\$ 4,072,961	\$ 4,168,802	\$ 4,413,094	\$ 244,292	5.9%
02 Help America Vote Act	7,082,432	8,663,178	11,235,087	2,571,909	29.7%
03 Major IT Development Projects	6,297,014	13,536,598	5,619,862	-7,916,736	-58.5%
04 Campaign Finance Fund	0	0	1,823,816	1,823,816	0%
Total Expenditures	\$ 17,452,407	\$ 26,368,578	\$ 23,091,859	-\$ 3,276,719	-12.4%
General Fund	\$ 6,026,531	\$ 5,789,434	\$ 9,210,499	\$ 3,421,065	59.1%
Special Fund	7,985,217	13,400,026	13,677,104	277,078	2.1%
Federal Fund	340,996	535,819	204,256	-331,563	-61.9%
Total Appropriations	\$ 14,352,744	\$ 19,725,279	\$ 23,091,859	\$ 3,366,580	17.1%
Reimbursable Fund	\$ 3,099,663	\$ 6,643,299	\$ 0	-\$ 6,643,299	-100.0%
Total Funds	\$ 17,452,407	\$ 26,368,578	\$ 23,091,859	-\$ 3,276,719	-12.4%

Note: The fiscal 2016 working appropriation does not include deficiencies or reversions. The fiscal 2017 allowance does not include contingent reductions.