

ITEM 12
FINAL STAFF ANALYSIS
PROPOSED STATEWIDE COST ESTIMATE

Elections Code Sections 15111, 15321, and 21000

Statutes 1999, Chapter 697

Absentee Ballots: Tabulation by Precinct (00-TC-08)

County of Orange, Claimant

EXECUTIVE SUMMARY

The test claim legislation requires county elections officials, for statewide elections or certain special elections conducted between June 1, 2000, and January 1, 2001, to tabulate, by precinct, votes cast by absentee ballots and votes cast at the polling place. The subject test claim legislation also requires the county elections official to make each precinct's election results available to the Legislature and appropriate legislative committees for use in district apportionment. Finally, the test claim legislation requires the elections official's list of absentee voters to include the voter's election precinct.

The claimant filed the test claim on March 12, 2001. The Commission on State Mandates (Commission) adopted the Statement of Decision on April 24, 2003, and the parameters and guidelines on December 2, 2003. Eligible claimants were required to file initial reimbursement claims with the State Controller's Office (SCO) by June 1, 2004.

The SCO provided unaudited claims totals to the Commission on July 9, 2004. Staff reviewed the 18 actual claims filed by counties for fiscal years 1999-2000 through 2002-2003 and determined them to be inaccurate. For instance, the parameters and guidelines adopted by the Commission for this program provide one-time reimbursement for specific administrative duties and election activities, and ongoing activities for certain list modifications. Most of the one-time activities were limited to a one-year period between January 1, 2000, and January 1, 2001. The ballot tabulation activity and transmitting election returns to the Secretary of State are only reimbursable for each election held between June 1, 2000, and January 1, 2001. Some of the administrative duties may have been claimed for multiple fiscal years. In addition, many counties already had a software system implemented to accommodate tabulation of ballots by precinct prior to the reimbursement period for this program. Thus, costs for developing or modifying election equipment and software should be minimal, such that most counties will be unable to meet the \$1,000 filing threshold.

The proposed statewide cost estimate includes six fiscal years for a total of **\$225,767**. This averages to \$37,628 annually in costs for the state. The following table details the breakdown of estimated total costs per fiscal year:

Fiscal Year	Number of Claims Filed	Claim Totals
1999-2000	5	\$ 23,998
2000-2001	9	175,188
2001-2002	2	6,844
2002-2003	2	6,417
2003-2004 (est.)	N/A	6,565
2004-2005 (est.)	N/A	6,755
TOTAL	18	\$ 225,767

Staff Recommendation

Staff recommends that the Commission adopt the proposed statewide cost estimate of \$225,767 for costs incurred in complying with the *Absentee Ballots: Tabulation by Precinct* program. If the statewide cost estimate is adopted, staff will report the estimate to the Legislature.

STAFF ANALYSIS

Summary of the Mandate

The test claim legislation requires county elections officials, for statewide elections or certain special elections conducted between June 1, 2000, and January 1, 2001, to tabulate, by precinct, votes cast by absentee ballots and votes cast at the polling place. The subject test claim legislation also requires the county elections official to make each precinct's election results available to the Legislature and appropriate legislative committees for use in district apportionment. Finally, the test claim legislation requires the elections official's list of absentee voters to include the voter's election precinct.

The claimant filed the test claim on March 12, 2001. The Commission adopted the Statement of Decision on April 24, 2003, and the parameters and guidelines on December 2, 2003. Eligible claimants were required to file initial reimbursement claims with the State Controller's Office (SCO) by June 1, 2004.

Discussion

Reimbursable Activities

The Commission approved the following reimbursable activities for this program:

One-Time Activities

1. Administrative Duties (*Reimbursement Period: January 1, 2000 - January 1, 2001*)
 - a. Research and Develop General Approach for Converting Tabulation Process

Meet with the software vendor to identify the methods, and develop the general approach for tabulating ballots by precinct. Develop a specific plan and schedule for implementing the new ballot tabulation process.
 - b. Develop or Modify Election Equipment and Software and Test

Obtain, develop, or contract for the modification of election systems and equipment to accommodate the tabulation of ballots by precinct. Includes any automated system programming or preprogramming, and the cost of testing the ballot tabulation program.
 - c. Develop and Conduct Special Training Program (one-time per employee)

Develop and conduct a revised training program for regular and temporary election staff to carry out the changes necessary to implement the ballot reporting requirements of the test claim legislation.

One-Time Activities Per Election¹

1. Tabulation By Precinct (Elec. Code, § 15321, subd. (a))
 - a. Additional Election Ballot and Election Materials Activities (*Reimbursement Period: January 1, 2000 - January 1, 2001*)

Reformat the ballots so that election software will read and tabulate ballots by precinct.

¹ These activities may be reimbursed one time for each election held between June 1, 2000, and January 1, 2001.

b. Ballot Tabulation (*Reimbursement Period: June 1, 2000 - January 1, 2001*)

Tabulate by precinct, which exceeds the prior count by ballot style, those votes cast by absentee ballot and ballots cast at the polling place in statewide elections or special elections to fill a vacant congressional or legislative office for elections conducted between June 1, 2000, and January 1, 2001. The additional staff time to conduct the computer run for election results is reimbursable.

2. Returns Available to the Legislature (Elec. Code, §15321, subd. (b), and Elec. Code, § 21000) (*Reimbursement Period: June 1, 2000 - January 1, 2001*)

- a. Transmitting to the Secretary of State election returns by precinct reflecting the total for all ballots cast, including both absentee ballots and ballots cast at the polling places in statewide elections to fill a vacant congressional or legislative office for elections conducted between June 1, 2000, and January 1, 2001, is eligible for reimbursement.²

Ongoing Activities

1. List Modifications (Elec. Code, § 15111) (*Reimbursement begins January 1, 2000*)

- a. Include the precinct of each voter on the election official's list of voters who has received and voted an absentee ballot.

Statewide Cost Estimate

Staff reviewed the claims data submitted by the claimants and compiled by the SCO. Staff made the following assumptions and used the following methodology to develop a statewide cost estimate of this program. If the Commission adopts this statewide cost estimate, the estimate, including staff's assumptions and methodology, will be reported to the Legislature.

Assumptions

Staff made the following assumptions:

- The statewide cost estimate is based on 18 actual claims filed by counties for fiscal years 1999-2000 through 2002-2003.³ However, the claiming data is inaccurate and unaudited. The parameters and guidelines adopted by the Commission for this program provide one-time reimbursement for specific administrative duties and election activities, and ongoing activities for certain list modifications. Most of the one-time activities were limited to a one-year period between January 1, 2000, and January 1, 2001. The ballot tabulation activity and transmitting election returns to the Secretary of State are only reimbursable for each election held between June 1, 2000, and January 1, 2001. Some of the administrative duties may have been claimed for multiple fiscal years.
- The actual amount claimed may increase if late or amended claims are filed. To date, only 12 of the 58 counties filed reimbursement claims for this program. Thus, if reimbursement claims are filed by any of the remaining 46 counties, the amount of reimbursement claims may exceed the statewide cost estimate. For this program, late claims may be filed until June 2005.

² The Secretary of State forwards the vote by precinct data to the appropriate committees of the Legislature.

³ Claims data reported by the SCO as of July 9, 2004.

- Many counties already had a software system implemented to accommodate tabulation of ballots by precinct prior to the reimbursement period for this program. Thus, costs for activity A.1.b. – develop or modify election equipment and software and test – should be minimal. Most counties will not be able to meet the \$1,000 filing threshold.
- Any reimbursement claim for this program may be reduced by the SCO if it is audited and deemed to be excessive or unreasonable. Therefore, the total amount of reimbursement for this program may be lower than the statewide cost estimate.

Methodology

1999-2003 Costs

The proposed statewide cost estimate for fiscal years 1999-2000 through 2002-2003 is based on 18 unaudited, actual reimbursement claims.

2003-2005 Projected Costs

Staff projected totals for fiscal year 2003-2004 by multiplying the total on 2002-2003 reimbursement claims by the implicit price deflator for 2002-2003 (2.3%), as forecast by the Department of Finance. Staff projected totals for fiscal year 2004-2005 by multiplying the 2003-2004 projection by the implicit price deflator for 2003-2004 (2.9%).

The proposed statewide cost estimate includes six fiscal years for a total of **\$225,767**. This averages to \$37,628 annually in costs for the state.

Following is a breakdown of estimated total costs per fiscal year:

Table 1. Estimated Total Costs per Fiscal Year

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