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March 9, 2009

Mr. Michael Genest
Finance Director
Department of Finance
915 L Street
Sacramento, CA 95814

Dear Mr. Genest:

Pursuant to the Budget Act of 2008, Item 0890-001-0890, Provision 3, the Secretary of State (SOS) is submitting this quarterly report to provide the implementation status of the Help America Vote Act (HAVA).

In the second quarter, SOS activity continued in several areas: 1) Reimbursement to counties under HAVA Section 301 and final payments to counties under the recently-expired 261 contracts; 2) Planning and procurement efforts related to the HAVA 303 requirements to create a statewide voter registration database; 3) Meeting administrative requirements for the HAVA program; and 4) Auditing voting system reliability as part of voting system certification.

County Reimbursements: County requests for reimbursements have increased following the November General Election. However, recent EAC directives on allowable poll worker training and voter education costs under this funding will limit the number of county claims for these purposes until all HAVA Title III requirements are met.

Statewide Voter Registration Database (VoteCal): The SOS is continuing the procurement process for the statewide voter registration database (VoteCal) project, which is required pursuant to the November 2, 2005, MOA executed with US Department of Justice (US DOJ) and HAVA Section 303.

Pursuant to an approved Feasibility Study Report (FSR), the SOS, with the participation of and in close consultation with the Department of General Services, conducted confidential bidder discussions under the solution-based procurement process provided for in state law. As in prior quarters, the SOS continued working closely with required consultants (IPOC, IV&V and project and contract managers), and consulted extensively with county representatives by conducting five regional meetings, attending regularly scheduled California Association of Clerks and Election Officials (CACEO) monthly meetings and making a formal presentation at the CACEO biannual, summer conference. The SOS also apprised a stakeholder advisory committee, comprised of subject-matter experts, election rights advocates and county election officials that was formed prior to the release of the

Request for Proposal (RFP) on December 13, 2007, on progress during the bidding process. In addition to notifying advisory committee members of each development in the bidding process, the SOS offered members the opportunity to provide comments at any time during this process. During this quarter, confidential bidder discussions continued, and addenda to the RFP were issued based on input, comments and questions from all sources – county election officials, the advisory committee, and vendors that have expressed an interest in submitting a final bid. Several iterations of draft proposals were received from potential bidders and were reviewed in detail by the project's proposal evaluation team. Detailed, written feedback was submitted for each such proposal and provided to the appropriate bidder(s) in preparation for subsequent multi-day, post-draft evaluation confidential discussions.

Follow-up to the November General Election: Invoices for voter education activities were received and processed, and county audit reports on voting systems were reviewed by the staff of Office of Voting System Technology Assessment. Staff visited San Diego County to observe rollout of new voting systems procedures.

Administration: The EAC issued two Advisory Opinions in response to the SOS's request for additional guidance on use of HAVA funds for voting system upgrades, and for voter education and poll worker training efforts necessary to ensure full implementation of HAVA requirements. While the Advisory Opinion on voting system upgrades removes some restrictions on use of funds given in previous EAC guidance, the opinion issued on voter education and poll worker training restricted reimbursement for these activities to training relating to the introduction of new voting systems, to instructions on vote by mail overvotes and undervotes and correcting ballots, and for educational materials and posting at the polling place.

Several counties responded to a Request for Interest (RFI) to determine the counties' level of interest in participating in a competitive grant program for use of funds received in fiscal years 2006, 2007 and 2008 in the amount of \$3.2 million. The funds (made available through the U. S. Department of Health and Human Services (DHHS)) are for the purpose of improving polling place accessibility. Responses were received, from several counties, and a Request for Application (RFA) was issued.

In addition, the SOS received approval of a HAVA spending plan amendment for fiscal year 2008 to issue new contracts to counties for the remaining balance of approximately \$500,000 from funds previously received from DHHS under a grant received in 2005. These contracts have been issued.

The SOS has executed a contract with the state Department of Rehabilitation (DOR), Disability Access Section, to update guidelines issued pursuant to federal law on polling place accessibility for the elderly and voters with disabilities. SOS staff are working with the DOR on the guidelines.

In the third quarter of 2006-07, the United States Congress appropriated additional HAVA funding to meet Title III requirements (voting system upgrades, provisional voting rights, voter information requirements and statewide voter registration database mandates). California is slated to receive \$12.9 million of the Title III appropriation, according to the EAC. In order to receive the funding, California (and all other states) will first be required to update State Plans that detail implementation of HAVA to date and provide the state's "best estimate" for expending additional funding. Under HAVA, developing a State Plan is a multi-step process that requires the appointment of and consultation with an advisory committee with specified membership; publication of the State Plan for public comment at the state level; submission of the State Plan to the EAC for publication in the Federal Register; and submission of a specified certification to the EAC that a State Plan has been submitted pursuant to the process described and that the state is in compliance with other federal election laws, such as the Voting Rights Act.

The EAC letter, dated January 24, 2008, provided states with official notification of the appropriation, including each state's proportionate share, and information on the process for qualifying for the funds (as outlined above). The SOS has named the State Plan advisory committee members as required and is providing those advisory committee members with draft sections of the State Plan update for review and comment. This process is being used in consideration of the time and resource demands on county elections officials and voting rights advocates – the very people who would be most interested in this endeavor and who serve on the required advisory committee.

Spending for the current fiscal year remains low, due to the delay of claims caused by county election staff being tied up with activities related to the November General Election. The following table summarizes the second quarter expenditures by activity for the current and prior fiscal years:

Activities	2nd Quarter FY 07/08 (in thousands)	2nd Quarter FY 08/09 (in thousands)	Total Spent 2nd Quarter (in thousands)
Voting Systems (including AVVPAT)	\$5,924	\$0	\$5,924
Statewide Database (VoteCal)	\$0	\$309	\$309
VoteCal Redirected Staff	\$0	\$17	\$17
Interim Solution – SOS	\$0	\$10	\$10
Interim Solution – County Retrofit	\$0	\$0	\$0
Voter Education	\$0	\$5	\$5
Voting System Certification	\$0	\$6	\$6
EAID Compliance – SOS	\$0	\$0	\$0
EAID Compliance – County Grants	\$0	\$0	\$0
Administration	\$1	\$130	\$131
Total	\$5,925	\$477	\$6,402

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If you have any questions regarding this report, please contact Dora Mejia, Chief of Management Services Division, at 653-1471.

Sincerely,



Janice Lumsden
Deputy Secretary of State, Operations

cc: Honorable Denise Moreno Ducheny, Chair Joint Legislative Budget Committee
Ms. Robin Baker, Department of Finance, Principal Program Budget Analyst
Ms. Kia Cha, Department of Finance, Finance Budget Analyst
Mr. Chris Reynolds, Secretary of State, HAVA Coordinator
Ms. Dora Mejia, Secretary of State, Chief Management Services Division
Ms. Linda Arviso Hunt, Secretary of State, Fiscal Affairs Manager
Ms. Shigeko Shibata, Secretary of State, Fiscal Officer
Ms. Kristin Dagsher, Secretary of State, Budget Officer