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November 13, 2007

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

Dear Mr. Genest:

Pursuant to the Budget Act of 2007, Item 0890-001-0890, Provision 3, the Secretary of State (SOS) is submitting this quarterly report to provide the status of the implementation of the Help America Vote Act (HAVA).

In the first quarter, SOS activity continued in three areas: 1) Reimbursement to counties under HAVA Sections 301, 303, and 261 contracts; 2) Planning and procurement efforts related to the HAVA 303 requirements to create a statewide voter registration database; and 3) Meeting administrative requirements for the HAVA program.

County Reimbursements: Nearly all California counties purchased or leased new voting equipment for the June 6, 2006, Primary Election in order to meet the federal requirements of HAVA. Many counties made additional purchases of equipment or converted from using leased equipment to purchasing equipment for the November General Election. Based upon experience from the June Primary, counties augmented or modified their voter education and poll worker training programs prior to the November General Election to ensure full compliance with HAVA mandates. These purchases and activities continue to generate claims from counties for reimbursement of expenses.

Additionally, in the aftermath of the 2006 election cycle, and with a stand-alone Presidential Primary election established for February 5, 2008, counties are using "lessons learned" during that election cycle to assess needs and prepare for conducting three elections in 2008. Those activities include planning for the purchase of additional voting equipment, improving poll worker training efforts and expanding voter outreach activities. It should be noted that these contracts expired June 30, 2007, but contained a provision for claims to be filed until September 30, 2007. Any funds not used by a county were reallocated and made available in a new contract for that county to be used for the same purposes and to cover the period from October 15, 2007 to December 31, 2010.

Accessibility to polling places was improved for voters with disabilities through a variety of strategies outlined under HAVA Section 261 grants. Voter education and outreach efforts were increased to inform these voters about the improved accessibility of polling places. Again, in anticipation of the unique 2008 election cycle – with an early stand-alone Presidential Primary and two regularly scheduled, statewide elections – counties are assessing needs and preparing for the election. One of the early activities already under way in some counties is surveying polling places for accessibility and developing mitigation plans. In addition, one county that was sued by the California Department of Justice has settled its lawsuit and is actively assisting other counties using the compliance model developed in the settlement agreement.

Contracts for these funds expired on June 30, 2007, but contained a provision for claims to be filed until September 30, 2007. Any funds not used by a county were reallocated and made available in a new contract for that county to be used for the same purposes and to cover the period from October 15, 2007 to April 31, 2008.

HAVA Section 303 (Interim Solution) mandates the creation of a statewide voter registration list maintained and controlled by the Secretary of State. Pursuant to a November 2, 2005, Memorandum of Agreement (MOA) executed with the United States Department of Justice (US DOJ), modifications to or replacement of existing county election management systems was necessary to facilitate integration and synchronization with the statewide voter registration database to achieve “interim compliance” with HAVA Section 303. Migration of some counties to other vendors’ EMSs became necessary when some vendors made the business decision to discontinue support for existing (older) EMSs in California. Pursuant to legislative approval, contracts to complete the migration of some counties or to provide for upgrades to EMSs to ensure better synchronization and integration with the statewide voter registration database were executed.

Statewide Voter Registration Database: The Secretary of State is continuing the procurement process for the statewide voter registration database project, which is required pursuant to the November 2, 2005 MOA executed with US DOJ and HAVA Section 303. These requirements are the next “phase” of compliance, following the implementation of the “interim solution” described above.

Pursuant to an approved Feasibility Study Report (FSR), the Secretary of State awarded contracts to provide services for an independent project oversight consultant, procurement consulting services, and independent validation and verification. The Secretary of State also took the steps necessary to establish an advisory committee of stakeholders, with strong representation of county election officials, to provide input on project procurement and implementation as required

by the FSR. The advisory committees met multiple times and will meet again after the release of the RFP for the project.

2008 Election Cycle Preparations: Activities related to the 2008 election cycle will include processing county invoices for HAVA related expenses incurred for voter education; voting system procurement; poll worker training; reviewing source code and security features of voting systems that are being submitted by vendors in response to issues raised during a comprehensive top-to-bottom review; and discussions with county election officials on lessons learned from that review and from previous elections in proposing improvements for future elections.

Administration: The comprehensive top-to-bottom source code review was completed on August 3, 2007. Secretary of State staff follow-up work for this review included: establishing a task force that included statisticians, county elections officials and interested parties to improve post-election auditing procedures; working with counties and voting system vendors to develop election security procedures for the 2008 election cycle that address voting system vulnerabilities discovered in the source code review; creating draft amendments to the voting system decertification/recertification orders; and working with vendors on testing and certification of new voting systems proposed by vendors and counties for use in the 2008 election cycle.

Additionally, the Secretary of State initiated an investigation, pursuant to Elections Code Section 19213, into unauthorized changes made to voting system equipment by one vendor. Pursuant to the Elections Code procedures, the Secretary of State conducted a public hearing on the issue on October 15, 2007 and is determining what appropriate steps to pursue going forward. The Secretary of State staff also responded to multiple inquiries from federal, state and county officials, and voting system vendors related to the top-to-bottom source code review and the findings resulting from the review.

As indicated previously in this report, new voting system upgrade and polling place accessibility contracts were drafted and issued to the counties for execution following legislative approval of the HAVA spending plan. At the same time, claims submitted by counties under the prior contracts that expired on June 30, 2007 were approved and processed within the 90-day timeframe established in the contract for county submission of claims (i.e. until Sept. 30). The Secretary of State has until December 31, 2007 to process those claims.

Finally, the Secretary of State initiated a formal inquiry to the federal Election Assistance Commission – the oversight body for HAVA – on the allowable use of HAVA funds for voting system modifications undertaken by counties pursuant to decertification/recertification orders issued by the Secretary of State following the source code top-to-bottom review.

The following table summarizes the first quarter expenditures by activity for the current and prior fiscal years:

Activities	1 st Quarter FY 05/06 * (in thousands)	1 st Quarter FY 06/07* (in thousands)	1 st Quarter FY 07/08* (in thousands)	Total Spent 1 st Quarter (in thousands)
Voting Systems (including AVVPAT)	\$5,396	\$3,792	\$0	\$9,188
Statewide Database (VoteCal)	\$0	\$75	\$168	\$243
VoteCal Redirected Staff	\$0	\$0	\$24	\$24
Interim Solution – SOS	\$0	\$26	\$0	\$26
Interim Solution - County Retrofit	\$0	\$2	\$0	\$2
Voter Education	\$0	\$0	\$0	\$0
Voting System Technology	\$8	\$0	\$0	\$8
Source Code Review	\$0	\$0	\$0	\$0
Poll Monitoring	\$0	\$0	\$0	\$0
EAID Compliance	\$238	\$0	\$0	\$238
Administration	\$0	\$41	\$93	\$134
Parallel Monitoring	\$0	\$0	\$0	\$0
Total	\$5,642	\$3,936	\$285	\$9,863

*Actual expenditures against previously reported encumbrances.

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
 Ms. Teresa Calvert, Department of Finance
 Mr. Chris Reynolds, Secretary of State, HAVA Coordinator
 Ms. Dora Mejia, Secretary of State, Chief Management Services Division
 Ms. Crystal Goto, Secretary of State, Financial Operations Manager
 Mr. Tony Lee, Secretary of State, Budget Officer
 Ms. Shikego Shibata, Secretary of State, Accounting Administrator I