



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #270

Elections Database Conversion (Elections Board)

[LFB 2005-07 Budget Summary: Page 149, #2]

CURRENT LAW

The Elections Board's current information system was created in 1987 and is used by the agency to carry out its election administration and campaign finance responsibilities. The Board's supplies and services budget under its GPR-funded general program operations appropriation supports the operation of the system. Base level supplies and services funding under this appropriation is \$159,300 GPR annually.

GOVERNOR

Provide \$350,000 GPR annually (\$700,000 for the biennium) for master lease payments in connection with the resumption of the Elections Board's computer database conversion project.

DISCUSSION POINTS

Previous Efforts to Implement the Database Conversion Project

1. Since the 1997-99 biennium, the Elections Board has been provided approximately \$530,000 GPR for a database conversion project intended to: (a) convert the Board's databases used to administer election activities and campaign finance reports; and (b) enhance the current system to allow the electronic filing and retrieval of campaign finance report information over the Internet. Despite this previous funding commitment, the database conversion project remains substantially incomplete.

2. In July, 2000, the Joint Committee on Finance provided the Board with \$35,000 GPR to retain a consultant to develop an IT plan for the completion of the database conversion project. The consultant's study found that: (a) the design and development tools for the proposed electronic filing function "[were] not viable" and "[needed] to be started over;" (b) the partially completed computer database conversion was "substantially incomplete" and was plagued with "numerous critical problems;" and (c) the Board "should not continue the ... development project in its current form."

The report instead proposed: (a) the retention of external project management; (b) the retention of a consultant to fully evaluate the system options available (including developing the requirements of the system, screening potential IT vendors, and making the final vendor selection) and (c) the implementation of the project by the selected vendor.

3. In December, 2000, the Joint Committee on Finance provided the Board with \$160,000 GPR to retain an IT consultant to develop and finalize business system requirements for the project and to oversee the selection of a vendor. Prior to entering into a vendor contract, the Board was directed to submit a report to the Committee detailing the consultant's findings, including cost estimates for the development and maintenance of the project.

4. The report was filed in August, 2001, and identified a five-year cost for the system of nearly \$4.6 million. The initial two-year cost of development and maintenance of the system was estimated at \$3.5 million.

At that time, both the consultant and Board staff advised that if the implementation of the project was subject to additional delay, the report's initial cost projections would require revision to reflect: (a) changes in the software development market; (b) professional services contract cost increases; and (c) changes in the database needs of the Board due to any intervening statutory changes.

5. The Board requested a total of \$4.0 million GPR as part of its 2003-05 biennial budget request to continue the development of the project. The Governor did not recommend this funding for the project. However, other funding of \$101,800 GPR was appropriated to the Board during the 2003-05 biennium to maintain the agency's existing campaign finance and elections administration databases, and an additional \$100,000 GPR in 2004-05 was reserved under the Committee's supplemental appropriation for possible future release to the Board for consultant services related to the database conversion project. The purpose of such a consultant would be to: (a) update the business system and technical requirements for the project; and (b) assist the Board in identifying a vendor to complete the conversion.

Help America Vote Act

6. On October 29, 2002, the federal Help America Vote Act (HAVA) was signed into law. HAVA establishes a series of new mandates applicable to the states, including: (a) the creation of an official, centralized, computerized statewide voter registration list system; and (b) the

implementation of requirements that all polling stations be equipped with voting systems accessible to individuals with disabilities, including non-visual accessibility for the blind and visually impaired. HAVA also provides grant funding to the states (primarily in Titles I and II of the Act).

7. During 2002-03, Wisconsin received \$7.0 million FED of HAVA Title I funds, which required no state match, and during 2004-05, the state received \$43.0 million FED of Title II funds, subject to a 5% state match. The state matching funds have been provided through previous state expenditures, in-kind matches, or have been reserved through a series of legislative actions. While HAVA Title II funds may be used, in part, to improve the administration of elections for federal office (including the development of an elections administration database), they may not be used to fund the campaign finance portion of the Board's database conversion project.

8. In the fall of 2004, the Board began work on a statewide voter registration system, which will maintain and manage a variety of elections administration data. Including this election administration data as a part of the statewide voter registration system will permit the integration of this information and will enable the Board to replace its current elections administration database with substantial amounts of HAVA and state matching funds. Prior to the enactment of HAVA, it had been anticipated that GPR funding would have been required to develop these elements of the database.

9. While many elements of the Board's elections administration database may now be upgraded using federal HAVA and state matching funds, the Board still requires state funding to reconfigure and enhance its existing campaign finance database management system. The age of this system continues to pose risks any time there is a need to upgrade the underlying database, operating system, or hardware. Board staff have expressed the concern that with each subsequent revision to the current system, there may come a time when the existing campaign finance system may simply no longer be capable of operating in the new environment. Further, any significant modifications to campaign finance law that may be enacted at this juncture could not be accommodated by the existing system.

Current Budget Initiative

10. The Governor has recommended providing the Board with \$350,000 GPR annually to support the first two years of costs of a projected seven-year master lease agreement in connection with the development and implementation of the non-HAVA-funded elements of the computer database conversion project. Over the projected seven-year term of the master lease, total funding of \$2,450,000 GPR would support contractual services, equipment and software costs of \$2,045,900 and interest payments of \$404,100.

11. Under the computer database conversion project, as originally conceived by the Board, approximately 50% of the cost estimates prepared for the development of the system in August, 2001, were attributable to election administration. At that time, the total cost of the development and implementation of the system was estimated at \$4.6 million, suggesting that the costs of development of the campaign finance elements of the database conversion project would

require approximately \$2.3 million. Since those original estimates also included costs for system maintenance, the amounts being recommended by the Governor for the project's development represent a reasonable approximation of the system's potential costs.

Further, staff at DOA's Division of Enterprise Technology recently surveyed the changes to the campaign finance software market since 2001. Based on the current cost of off-the-shelf campaign finance software packages and a review of other states' experience in applying this software, the Division concluded that funding of \$2 million would be a reasonable estimate of the Board's funding requirements to convert and upgrade its campaign finance database.

12. Currently, \$100,000 GPR in 2004-05 is reserved in the Committee's biennial supplemental appropriation to fund consultant services to update the business and technical requirements for the project and to identify a vendor to complete the conversion. The Elections Board submitted a s. 13.10 request in late 2004 for the release of the reserved funds in order to contract with a consultant. The Committee subsequently deferred the Board's request with the understanding that if the 2005-07 biennial budget included funding for the campaign finance system upgrade, the Board could renew its request for the funding release.

13. If the Committee believes it desirable to upgrade and modernize the Board's campaign finance database, including the electronic filing and retrieval of campaign finance report information over the Internet, the following funding alternatives could be considered.

14. First, under an alternative that assumes that the Board will renew its request for the release of the reserved \$100,000 GPR for the consultant's study during the final months of 2004-05, it is likely that the results of the study and the selection of a vendor for the implementation of the system upgrade could not be concluded before mid-year at the earliest. Under this scenario, the actual beginning of the system redesign effort would begin at some point during the first half of the 2005-06 fiscal year. Given this likely project implementation schedule, the project's master lease would typically be structured such that only one payment (estimated at \$197,300 GPR) would actually occur during the 2005-06 fiscal year. The Governor's recommendation provides \$350,000 GPR in 2005-06 for two such payments.

Consequently, under the first alternative, the Committee could approve the Governor's recommendation to proceed with the campaign finance database system upgrade under the above implementation schedule and delete \$152,700 GPR in 2005-06 of recommended funding associated with master lease payments in the first year of the project.

15. Alternatively, given that the statewide voter registration system (and its elections administration components) is not scheduled to be operational until the end of the 2005 calendar year, the Committee could consider delaying the consultant's study until the second half of 2005-06. Delaying the study would permit the state to update the business requirements and business processes for the campaign finance database with a better understanding of how the campaign finance system can and should interface with an operational statewide voter registration system.

Under this second alternative, the Committee could approve \$100,000 GPR in 2005-06 for the consultant's study and the \$350,000 GPR recommended by the Governor for master lease payments beginning in 2006-07. This alternative would have the effect of deleting \$250,000 GPR in 2005-06 of recommended funding. This alternative would also have the effect of increasing by \$100,000 the general fund's opening balance for the 2005-06 fiscal year as a result of the lapse of such amounts reserved in the Committee's supplemental appropriation in the current fiscal biennium for the consultant's study.

16. Under either of the above funding alternatives for master lease payments, if the amounts provided are insufficient to fund the costs of the project, DOA would have flexibility in structuring the repayment schedule under the master lease in line with available funding. Depending on how the master lease might actually be structured under such circumstances, there would be the possibility that additional master lease funding could be required in the 2007-09 biennium.

17. Small state agencies typically lack the IT and procurement expertise of the Department of Administration (DOA). The relative lack of IT expertise at the Board has been a factor in the earlier difficulties that the Board experienced with this database conversion project. In order to facilitate the successful conversion of the Board's campaign finance database, the Committee could consider directing DOA to: (a) assist the Board in this procurement process; and (b) designate a staff person at the Division of Enterprise Technology to provide quality assurance of any development work completed in regards to the campaign finance database.

18. The Committee could also conclude that no additional funding should be provided at this time for the Board's campaign finance database project. Under this alternative, the \$350,000 GPR annually recommended by the Governor could be deleted. The Board's existing campaign finance reporting system may remain operational with its current level of functionality over the short-term; however, the system's long-term viability cannot be assured.

ALTERNATIVES

1. Approve the Governor's recommendation to provide \$350,000 GPR annually to the Elections Board for a computer database conversion project funded through a master lease agreement.

2. Provide \$197,300 GPR in 2005-06 and \$350,000 GPR in 2006-07 to the Elections Board for a computer database conversion project to reflect only one master lease payment during 2005-06.

Alternative 2	GPR
2005-07 FUNDING (Change to Bill)	- \$152,300

3. Provide \$100,000 GPR in 2005-06 to the Elections Board for consultant services required for the implementation of a computer database conversion project and \$350,000 GPR in 2006-07 for master lease payments in connection with the project.

<u>Alternative 3</u>	<u>GPR</u>
2005-07 FUNDING (Change to Bill)	- \$250,000

4. *[Alternative 4 may be selected in addition to Alternative 1, 2, or 3.]* Direct the Department of Administration to: (a) assist the Board in the vendor selection process for the Board's computer database conversion project; and (b) designate a staff person in the Department's Division of Enterprise Technology to provide quality assurance of any development work completed in regards to the campaign finance database.

5. Delete the provision.

<u>Alternative 5</u>	<u>GPR</u>
2005-07 FUNDING (Change to Bill)	- \$700,000

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