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ELECTIONS DIVISION

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July 3, 2017

The Honorable Richard Devlin, Co-Chair
The Honorable Nancy Nathanson, Co-Chair
Joint Committee on Ways and Means
H-178, State Capitol
900 Court Street NE
Salem, OR 97301

Dear Co-Chairs:

I am following up on our June 28th letter regarding the impact to Oregon's elections with the budget passed by the General Government subcommittee, coupled with proposed end of session DAS reductions.

As I testified, the Secretary of State (SOS) can work with the budget passed by the subcommittee and still meet our constitutional and statutory requirements. However, if SB5006 or another bill includes the recommended DAS reductions to SOS, on top of current budget reductions approved by the subcommittee, those reductions would significantly impact the Elections Division and our ability to perform our required duties.

It was mentioned in committee that cuts across the board for all state agencies would be part of SB5006. Although this may seem reasonable and doable on the surface, not all agency budgets are funded equally. In fact, it actually rewards agencies that are wasteful while punishing agencies that are lean, like SOS.

The SOS is mostly funded with other funds, with our Elections Division being the only program area with any FTE that are entirely paid with general funds. So when a set reduction amount is required based on the total agency budget for hiring slowdown increased vacancy savings, etc. to general fund—as is the case here—SOS has only Elections where it can adjust. The Elections Division would be unable to perform its required duties and is why we brought it to your attention. As such, I am requesting SOS be exempted from the end of session DAS reductions.

Respectfully,

Dennis Richardson

Secretary of State

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June 28, 2017

The Honorable Richard Devlin, Co-Chair
The Honorable Nancy Nathanson, Co-Chair
Joint Committee on Ways and Means

The Honorable James Manning, Co-Chair
The Honorable Greg Smith, Co-Chair
Joint Committee on Ways and Means Subcommittee on General Government

H-178, State Capitol
900 Court Street NE
Salem, OR 97301

Dear Co-Chairs:

After analyzing the LFO recommended budget for the Elections Division, as well as the proposed end of session DAS reductions, we have concerns with the ability of the Elections Division to accomplish its constitutional and statutory requirements. We do not want to roll back key advancements in voter access.

With the DAS reductions, the Elections Division is facing cuts of almost \$1 million, which represents a 13% reduction from its \$7.4 million General Fund budget. The combined Elections Division cuts include:

- \$250,000 in services and supplies (LFO recommended budget)
- \$306,000 in hiring slowdown and additional services and supplies (DAS reductions)
- \$290,000 in OMV mailing expenses (Package 119 refused)
- 7 bills passed or still alive with minimal fiscal impacts totaling over \$100,000

We are looking to you for recommendations as to which election services should be curtailed. The Elections Division is lean and customer service oriented. While we have gained some efficiencies through the use of technology, the growing demands for the use of modern technology in our tools and programs have outpaced the efficiencies we have realized, especially in a day where security is more important than ever. If the full magnitude of the proposed cuts are implemented, we may be prevented from fulfilling our base statutory requirements, and our service level will be less than expected by the public.

All staff training and recruitment could be eliminated, which would save the Elections Division \$10,000. Since Elections is fully staffed at 16 general funded FTE in the Elections

Division, and there is little turnover, so there is no way to recoup the proposed hiring slowdown cuts.

Oregon Motor Voter (OMV) notifications may have to be significantly scaled back to the statutory requirements. For example, in place of our current process of sending an information letter explaining the process and outlining options with a postage paid return envelope provided, we could send a postcard to qualified individuals who transact business with the DMV that tells them how to opt out of registration and how to select a political party. Further, individuals may no longer have a postage paid envelope to return their selection; they may no longer get information about privacy of voter registration records; and, they may no longer be able to select a political party without some other interaction with our office. Although these actions could save \$290,000, they are highly undesirable.

It has been suggested that the current OMV process could be maintained and paid for through the use of one-time Help America Vote Act (HAVA) funds. Unfortunately, the US Election Assistance Commission (EAC) has not granted approval to use the HAVA funds for that purpose. If the EAC does decide to grant us approval to use HAVA funds, we would need \$290,000 in added spending authority in our Federal Funds budget.

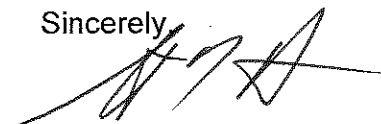
To accommodate the proposed shortfall, we could take the risky step of drastically reducing our line item for payments to the Attorney General by 80%, which would mean that elections manuals and other rulemaking documents would not be sent for legal review. We may also have to limit the cases we forward to the Attorney General for prosecution. This could save \$330,000, yet will subject us to increased risk of unplanned and unbudgeted lawsuits.

Finally, we are concerned that the counties will not be able to fulfill all of their responsibilities in administering elections given the \$125,000 gap between what was requested in Package 106 and what has been recommended. The counties believe this is an unfunded mandate and have threatened a lawsuit. We are concerned that this could undermine the Motor Voter law.

These above examples of possible cuts would not even get us halfway to the goal of closing the almost \$1 million shortfall from this reduction. Even assuming we receive approval to use HAVA funds for the OMV mailers (no guarantee or even likelihood it will be approved), with a potential \$330,000 in AG savings, plus the \$10,000 in recruitment and staff training, we would still be nearly \$400,000 below what is needed to meet our constitutional and statutory requirements.

We request your assistance in either adding funding authority to close this shortfall or identifying current programs that you would like us to scale back.

Sincerely,



Stephen N. Trout

Elections Director