

State of Wisconsin

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Joint Committee on Finance

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Alberta Darling
Representative John Nygren

Date: September 16, 2016

Re: s. 16.515/16.505(2), Stats. Request

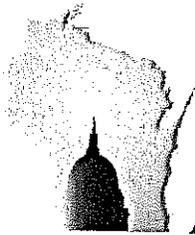
Attached is a copy of a request from the Department of Administration, received September 16, 2016, pursuant to s. 16.515/16.505(2), Stats., on behalf of the Wisconsin Elections Commission.

Please review the material and notify **Senator Darling** or **Representative Nygren** no later than **Wednesday, October 5, 2016**, if you have any concerns about the request or if you would like the Committee to meet formally to consider it.

Also, please contact us if you need further information.

Attachments

AD:JN;jm



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

SCOTT WALKER
GOVERNOR
SCOTT A. NEITZEL
SECRETARY
Office of the Secretary
Post Office Box 7864
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Voice (608) 266-1741
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Date: September 16, 2016
To: The Honorable Alberta Darling, Co-Chair
Joint Committee on Finance
The Honorable John Nygren, Co-Chair
Joint Committee on Finance
From: Scott A. Neitzel, Secretary
Department of Administration

SEP 16 2016
St. Finance

Subject: s. 16.515/16.505(2) Request(s)

Enclosed are request(s) that have been approved by this department under the authority granted in s. 16.515 and s. 16.505(2). The explanation for each request is included in the attached materials. Listed below is a summary of each item:

<u>AGENCY</u>	<u>DESCRIPTION</u>	<u>2015-16</u>		<u>2016-17</u>	
		<u>AMOUNT</u>	<u>FTE</u>	<u>AMOUNT</u>	<u>FTE</u>
ELEC 20.510(1)(jm)	Gifts and grants			\$150,000*	

* One-time expenditure authority

As provided in s. 16.515, the request(s) will be approved on October 7, 2016, unless we are notified prior to that time that the Joint Committee on Finance wishes to meet in formal session about any of the requests.

Please contact Kirsten Grinde at 266-1353, or the analyst who reviewed the request in the Division of Executive Budget and Finance, if you have any additional questions.

Attachments

Date: September 13, 2016
To: Michael Heifetz
From: Derek Sherwin
Subject: Section 16.515 Request

Attached is an s. 16.515 request analysis for your approval and processing. Listed below is a summary of each item:

DOA RECOMMENDATION:

<u>AGENCY</u>	<u>DESCRIPTION</u>	<u>2015-16</u>		<u>2016-17</u>	
		<u>AMOUNT</u>	<u>FTE</u>	<u>AMOUNT</u>	<u>FTE</u>
ELEC 20.510(1)(jm)	Gifts and grants			\$150,000*	

* One-time expenditure authority

AGENCY REQUEST:

<u>AGENCY</u>	<u>DESCRIPTION</u>	<u>2015-16</u>		<u>2016-17</u>	
		<u>AMOUNT</u>	<u>FTE</u>	<u>AMOUNT</u>	<u>FTE</u>
ELEC 20.510(1)(jm)	Gifts and grants			\$150,000*	

* One-time expenditure authority

MGH APPROVAL MLK 09-14-16 (FORWARD TO GAIL TAPPEN)



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

SCOTT WALKER
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Date: September 13, 2016

To: Scott A. Neitzel, Secretary
Department of Administration

From: Derek Sherwin
Executive Budget and Policy Analyst

Subject: Request under s. 16.515 from the Wisconsin Elections Commission for increased expenditure authority to spend grant funds.

Request:

The Wisconsin Elections Commission requests additional expenditure authority of \$150,000 PR in fiscal year 2016-17 in its gifts and grants appropriation under s. 20.510(1)(jm), in order to spend grant funds.

Revenue Source for Appropriation:

The program revenue appropriation under s. 20.510(1)(jm) is funded by gifts, grants and bequeaths made to the Wisconsin Elections Commission, not including moneys received from the federal government. The commission has received a grant from the Pew Charitable Trusts.

Background:

Pursuant to the provisions of 2015 Wisconsin Act 261, the Wisconsin Elections Commission is required to enter into a membership agreement with the Electronic Information Center, Inc. (ERIC), a multistate consortium that uses advanced data analytics to identify and contact eligible, but unregistered, voters via postcard. This initiative encourages eligible voters to register prior to federal Election Day to help polling stations better manage activity. Electronic Information Center, Inc., requires the commission to provide data every 60 days regarding current driver's license and state identification card holders from the Wisconsin Department of Transportation's Division of Motor Vehicles. These data are compared to similar records from other participating states, as well as records from the U.S. Postal Service and Social Security Administration. These efforts will assist the commission in voter outreach and improve maintenance and streamlining of the federally-mandated statewide voter registration database.

Scott A. Neitzel, Secretary
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September 13, 2016

The commission estimates that approximately 1,280,000 postcards will be mailed to eligible, but unregistered voters by ERIC's October 1 deadline. The commission estimates that the total cost of the mailing is approximately \$225,000. In order to mitigate this cost, the commission received a private grant from Pew Charitable Trusts, which will pay for one-half of the ERIC-related mailing expenses, up to \$150,000. Grant funds remaining after paying for one-half of the mailing costs will be returned to Pew Charitable Trusts. The commission plans to spend remaining federal Help America Vote Act (HAVA) funds to pay for its share of printing and mailing costs.

Analysis:

Act 261 established an annual gift and grants appropriation under s. 20.510(1)(jm) with no expenditure authority. Accordingly, the commission may accept and deposit grant funds into the appropriation, but may not spend funds without approval of the Joint Committee on Finance. The requested expenditure authority of \$150,000 PR will allow the commission to spend grant funds from Pew Charitable Trusts for the purpose for which the grant was awarded and to meet the requirements of the agreement with ERIC. In addition to the matching HAVA funds, the requested authority will cover the ERIC-related printing and mailing costs to comply with the directives established under Act 261.

Recommendation:

Approve the request.

WISCONSIN ELECTIONS COMMISSION

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ADMINISTRATOR MICHAEL HAAS

DATE: September 13, 2016

TO: Michael Heifetz, Administrator
Division of Executive Budget and Finance
Department of Administration

FROM: Michael Haas, Administrator *MH*
Wisconsin Elections Commission

SUBJECT: 16.515 Request for Increase in Expenditure Authority to Implement Voter Registration Outreach Directive

Request

The Wisconsin Elections Commission (WEC) requests an increase in expenditure authority to complete a mailing to eligible but unregistered electors as a part of the agency's ERIC Membership Agreement in the amount of \$150,000 in FY-17 from the agency's gifts and grants appropriation under s. 20.510 (1)(jm), supplies and services line , using grant funds received by the WEC.

Revenue Source

The revenue to support the increase in expenditure authority comes from the Pew Charitable Trusts which awarded the Wisconsin Elections Commission a grant of up to \$150,000 to pay for half of the initial mailing costs to contact eligible but unregistered electors and provide information about how to submit a voter registration application.

Background

2015 Wisconsin Act 261 directed Wisconsin to join ERIC, an inter-state consortium formed to improve the accuracy of voter registration data and to assist voters to become registered at their current addresses. ERIC uses modern "big data" matching and analytics to identify electors who may be eligible but are not registered to vote, voters who have moved since their last registration, and voters who may no longer be eligible and should be removed from voter rolls. The goal of ERIC is to encourage these electors to register or update their information ahead of an election to better manage the volume of registration activity leading up to and on Election Day.

ERIC requires member states to provide data every 60 days for all current driver license and state ID card holders from the Division of Motor Vehicles (DMV), as well as all currently registered voters from the Wisconsin Elections Commission. ERIC then compares that data to similar files from participating states (including neighboring states Minnesota and Illinois). Data is also compared to national sources such as the US Postal Service's National Change of Address (NCOA) service and the Social Security Administration's Death Master List.

After matching the data from these sources, ERIC provides reports back to participating states to help states maintain their voter rolls. ERIC provides two types of reports to participating states:

1. Lists of electors who may be eligible to register, but are not currently registered to vote.
2. List maintenance reports for currently registered voters who may no longer be eligible at the registered address, such as if they have moved or become deceased.

The ERIC Membership Agreement requires that participating states reach out to voters who may be eligible but are unregistered once every two years, ahead of the fall General Election, no later than October 1st. ERIC requires that states take action on the list maintenance reports at least once a year.

Outreach to Potentially Eligible Voters Who are Not Registered

As required by ERIC, WEC will be initiating contact with Wisconsin residents who are identified as potentially being eligible to vote but who are not registered prior to the 2016 Presidential and General Election.

ERIC has provided WEC with a list of eligible but unregistered voters that result from matching Wisconsin's voter registration and motor vehicle records. Outreach to these voters will be done via a postcard mailed to the best known address for the resident. The mailing is planned for delivery the last week of September, to allow voters to register ahead of the close of the open registration period on October 19, and to comply with ERIC's October 1st deadline.

State ID Card Holders

As reported in the July 20, 2016 Quarterly Report to the Legislature on the Implementation of Electronic Voter Registration and ERIC, current state statutes do not allow DMV to share information regarding State ID Card holders with the ERIC program. Therefore DMV will only be able to provide data related to driver license holders to ERIC. However ERIC membership requires that both driver license holders and state ID card holders be included in the outreach process, as does the \$150,000 grant awarded by the Pew Charitable Trusts. This is to ensure uniform treatment of both ID Card Holders and Driver License holders.

To address this confidentiality issue and allow Wisconsin to fully participate in ERIC, DMV offered to perform its own matching process to compare State ID Card holders with voter registration records to identify any State ID Card holders who are potentially eligible but not registered to vote. DMV has submitted the list of State ID Card holders identified as eligible but unregistered directly to the printer processing the outreach mailing, without providing that data

to either ERIC or WEC. This ensures that these voters will be included in the outreach mailing without violating state statutes.

ERIC staff, and the Pew Foundation which awarded the grant for mailing costs, is agreeable to this approach for Wisconsin's 2016 outreach mailing, even though it omits ID Card holders from the data shared with other states, with one condition. ERIC requires assurances that a legislative change will be pursued to permit DMV to share ID Card holder data in the future. WEC staff is facilitating correspondence with DMV and legislators to document a joint commitment to pursue the necessary changes in the next legislative session.

Outreach Mailing Approach and Timeline

As indicated above, the outreach mailing to eligible but unregistered voters must be mailed by the week of September 26, 2016. This allows time for voters to receive the mailing and take action prior to the close of the open registration period on October 19, 2016.

Two separate lists of voters have been prepared for the outreach mailing:

1. Approximately 1,047,000 potential voters identified by ERIC based on a comparison of driver license records and voter registration records, to be provided by WEC.
2. Approximately 233,000 potential voters identified by DMV based on a comparison of State ID Card records and voter registration records, to be provided by DMV.

Both lists of potential voters will receive the same postcard, mailed out at the same time, to ensure uniform treatment of both groups of potential voters.

The printing and processing of the mailing will be handled by the Department of Administration (DOA) Printing and Distribution center. WEC staff explored the option of bidding out the mailing to qualified state vendors, but the timeline of the outreach mailing did not allow sufficient time to prepare and award a bid and still send postcards by the October 1st deadline. Also, approximately 90% of the total estimated cost for the outreach mailing cost is for postage, which is a fixed cost regardless of who processes the mailing. Any potential cost savings from bidding out the project would only be in printing and processing, which accounts for only 10% of the total cost. The potential savings were not significant enough to justify the likelihood of missing the mailing deadline.

Cost Projections and Funding

The total cost of the outreach mailing is approximately \$225,000, but the final cost will depend upon the exact postage costs, which will vary based upon the quality of individual address data and the ability of the U.S. Postal Service to precisely validate it. WEC staff was able to reduce the cost of the mailing by successfully obtaining a nonprofit postage rate from the U.S. Postal Service, which is available to voter registration officials under federal law. This reduced the total postage rate by an anticipated average of \$0.11 per postcard, resulting in a projected savings of \$146,000.

Conclusion

The fiscal estimate submitted by the Government Accountability Board for 2015 Act 261 projected that the initial mailing to eligible but unregistered electors would cost \$290,000. The fiscal estimate stated that the Board would not be able to absorb the cost in the agency's current budget. No funds were appropriated to pay for the mailing directives in Act 261.

The Pew Charitable Trusts awarded a grant to Wisconsin to assist with the initial outreach mailing. The grant will pay for up to one half of the cost of the mailing, not to exceed \$150,000. The grant funds cover the entire amount of the requested Gifts and Grants appropriation under s. 20.510 (1)(jm). Pursuant to the grant agreement with the Pew Charitable Trusts, any funds remaining from the grant after paying for one-half of the cost of the mailing must be returned to Pew. Under the current estimate, approximately \$38,000 would be returned from the grant funds, although the agency is requesting authorization to spend \$150,000 due to the uncertainty of postage costs and the need to return any residual funds. The agency requests approval to use these existing funds to pay for approximately one-half of the cost of this mailing, and to return any remaining funds to Pew.

In addition to the funds in the Gifts and Grants appropriation, the WEC will use federal HAVA funds to pay for the remainder of the outreach mailing costs. This will reduce the remaining lifespan of the federal funds which support the agency's ongoing programs to train local election officials, maintain the statewide voter registration system, and complete other election administration responsibilities.

Please let me know if we can provide additional information. I may be contacted at 266-0136 or at Michael.Haas@wi.gov. If I am not available, you may contact Sharrie Hauge at 266-0404. Thank you!

cc: Ross Hein, Elections Supervisor
Wisconsin Elections Commission

Sharrie L. Hauge
Chief Administrative Officer
Wisconsin Elections Commission

Derek Sherwin
Budget Analyst
Department of Administration