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STATE OF CALIFORNIA | ELECTIONS

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June 20, 2007

TO: County Clerks/ Registrars of Voters (07078)

FROM: Chris Reynolds, Deputy Secretary of State, HAVA Activities

SUBJECT: HAVA Contracts

Unfortunately, the Secretary of State has run into an insurmountable obstacle in the budget process that will require we execute new contracts to allocate the balance of the county allocations that may remain in your Section 301 contracts after June 30, 2007. In other words, despite our best efforts to extend these contracts, we will have to issue new contracts.

We anticipate that the request for legislative approval for the expenditure of the balance of funds will be considered by the Legislature – we've cleared that hurdle. But a determination has been made that legislative action on the HAVA spending plan, which provides the necessary expenditure authority to execute the contracts, cannot be accomplished until after the budget now under consideration in the Legislature is enacted. That is because it has been determined that the HAVA spending plan amendment is an amendment to next year's budget, and therefore an extension of the contracts cannot be accomplished. The current contracts will lapse on June 30, 2007 and we will need to execute new contracts after the 2007-08 budget is enacted and after the HAVA spending plan amendment is approved by the Legislature.

What that means in practical terms is that the contracts we were attempting to extend will lapse on June 30, 2007. That has the following effects:

1. We need to execute NEW contracts with the counties; we cannot extend the contracts now in place.
2. Counties should NOT expend ANY funds after June 30, 2007 for which they would seek reimbursement under this contract until the new contracts are fully executed – that means signed by the county, signed by the state, and the counties receive copies signed by the state. Expenditure of funds during this time, without a contract, will NOT be reimbursable.

We did everything we could to avoid this situation, but it cannot be avoided now.

Unfortunately, the same issue applies to the extension of the EAID contracts. We will likewise have to issue NEW contracts for the balance remaining in the current contracts.

The attempt to extend the contracts was not an entirely fruitless exercise because we now know the dollar amount of the new contracts, which is critical information. But if you have any last minute adjustments to the value of the new contract, please provide that information to us immediately.

Staff here will be working hard, as always, to move this process forward as quickly as possible, but it cannot be completed until the Legislature acts on the state budget and then takes up the HAVA spending plan, which could take up to 30 days more to approve after budget approval.

The process will work as follows:

Once the HAVA spending plan amendment has been approved by the Legislature, a new contract will be issued to your county. The contract will contain the amendments from the previous contract extension (incorporated as language and not an amendment) and the dollar value of the contract will change so that it reflects the remaining balance of your allocation (instead of reflecting your total, initial allocation). Our best projection on when this will occur, accounting for the time it takes for the amended HAVA spending plan to be approved and the internal process to complete new contracts, is about 45 days after enactment of the state budget.

Following execution of the contract, we will need to submit any contract with a dollar value exceeding \$50,000 to the Department of General Services (DGS) for approval. Once DGS approves the contract, the Secretary of State will issue a new, signed (executed) contract to your county. Expenses incurred after the date of the contract will then be reimbursable.

Thank you for your patience. Again, we did everything we could to provide for an “uninterrupted” contract, but this situation was unavoidable.

- **Protection of Voter Data** – Jurisdictions should establish and enforce a plan to ensure that confidential data about voters stored on the electronic roster system and on any components located in the polling place is protected from unauthorized access, such as if an electronic roster system device is stolen.