

Department of Planning and Budget 2018 Fiscal Impact Statement

1. Bill Number: HB1139

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Landes

3. Committee: Appropriations

4. Title: Electronic return of voted military-overseas ballots; pilot program.

5. Summary: Directs the Commissioner of Elections to establish and supervise a pilot program by which an active duty member of a uniformed service who has been called to duty for deployment overseas and is a registered voter of a county or city participating in the pilot program may return his voted military-overseas ballot by electronic means. The Commissioner is required to promulgate standards and develop procedures for the secure transmission and return, storage, and processing of voted military-overseas ballots, including security measures, methods for verifying and authenticating a voter's identity, and encryption methods for the voted ballots. Counties and cities participating in the pilot program are required to participate in a security review after each election. In each year of the pilot program, the Commissioner is required to conduct a security assessment and update the security measures for the pilot program. The bill also requires that voters eligible to return their military-overseas ballots by electronic means through the pilot program be permitted to sign the statement of voter and any other documents related to absentee voting using the digital signature associated with their respective Common Access Cards issued by the U.S. Department of Defense. The pilot program is in effect for elections held on and after January 1, 2019. The Commissioner is required to submit a report on or before December 1, 2023, on the outcomes of the pilot program and to include a recommendation whether to implement the electronic return of voted military-overseas ballots on a permanent, statewide basis. The bill has an expiration date of December 31, 2023.

6. Budget Amendment Necessary: Indeterminate, see Item 8.

7. Fiscal Impact Estimates: Preliminary. Indeterminate – see Item 8.

8. Fiscal Implications: The proposed legislation would require the Department of Elections (ELECT) to establish and supervise a pilot program for the secure return of voted military-overseas ballots by electronic means for active duty members of a uniformed service who have been called to duty for deployment overseas. The costs would begin in fiscal year 2019, and include costs for solution licensing, customization, state development costs, and other related support expenditures. Several of these costs are currently unknown. The table below

summarizes the types of expenses related to implementing the pilot program and indicates whether an estimated cost is currently known or unknown.

Licensing (Annually): Unknown

VITA ECOS (1200-One-time/900 monthly): \$11,100

Staffing (Annually): Unknown

Customization (One-time): Unknown

Integration with state systems (One-time): Unknown

Security review following each election and annual security assesment: Unknown

The estimated licensing costs are indeterminate, as the bill allows localities to opt in to the pilot program and it is unknown how many localities would choose to do so. Based on an estimate provided to ELECT from a vendor that provides the type of software that would fulfill the goal of this legislation, licensing costs have two components: a statewide fee for an election and a per locality license. The licensing cost is based on two major elections (a primary and a general election) a year. Each election will require the agency to purchase an election set up at \$36,000 each. Licenses will also need to be purchased for each participating locality in the Commonwealth (up to 133) for each election. These licenses are charged annually and per election, and cost \$1,000 for the first election each year and \$500 for each election after the first. ELECT currently averages approximately ten elections a year when May general elections and other special elections are factored in. ELECT notes that vendors only provide service that will allow the delivery of ballots or the delivery and return of ballots. Services are not available that would only allow the return of ballots.

If the solution chosen is cloud-based, the pilot program will be subject to oversight by the Virginia Information Technologies Agency (VITA) Enterprise Cloud Oversight Service (ECOS). Agencies pay a one-time cost of \$1,200 and a \$900 per month fee for ECOS. The solution would also require security audit and vulnerability testing. The department is a member of VITA's shared security center, which provides security audits for sensitive systems once every three years and application vulnerability scanning quarterly pursuant to state information technology security standards. It is unknown at this time if the security review required by the bill to follow every election and the security assessment in each year of the pilot program would be in-scope to this service or if the review would require additional expenditures.

In addition to the licensing cost, the department may incur one-time costs to customize the vendor software to meet Commonwealth security and data standards. ELECT also indicates that development costs may be needed in order to integrate the agency's existing systems with the successful vendor's system. These costs are indeterminate, could include a need for contractors or additional staff, and will be dependent on the vendor solution chosen after a competitive procurement.

The Governor's proposed budget includes \$100,000 in fiscal year 2019 from the general fund to continue the existing online ballot delivery portal for overseas military voters.

The Department's solution should not have a material fiscal impact for localities; however, some localities may require additional staffing due to the projected increase in the number of absentee ballots.

9. Specific Agency or Political Subdivisions Affected: Department of Elections, electoral boards, general registrars, and localities.

10. Technical Amendment Necessary: No.

11. Other Comments: HB1058 and SB559 also direct the Department of Elections to establish a pilot program for the secure return of voted military-overseas ballots by electronic means.