



**STATE OF HAWAII
OFFICE OF ELECTIONS**

802 LEHUA AVENUE
PEARL CITY, HAWAII 96782
www.hawaii.gov/elections

SCOTT T. NAGO
CHIEF ELECTION OFFICER

February 3, 2011

The Honorable Calvin K.Y. Say, Speaker
And the Members of the House of Representatives
Twenty-Sixth State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear Speaker Say and Members of the House of Representatives:

For your information and consideration, I am transmitting two (2) copies of the Report to the Legislature in accordance with Sections 52, 53, and 55 of Act 162, Session Laws of Hawaii 2009.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott T. Nago".

SCOTT T. NAGO
Chief Election Officer

STN:AHS:cr
OE-021-11

Enclosure



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February 3, 2011

The Honorable Shan Tsutsui, President
And the Members of the Senate
Twenty-Sixth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

Dear President Tsutsui and Members of the Senate:

For your information and consideration, I am transmitting two (2) copies of the Report to the Legislature in accordance with Sections 52, 53, and 55 of Act 162, Session Laws of Hawaii 2009.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott T. Nago", with a long horizontal flourish extending to the right.

SCOTT T. NAGO
Chief Election Officer

STN:AHS:cr
OE-020-11

Enclosure



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February 3, 2011

Charlotte Carter-Yamauchi, Acting Director
Legislative Reference Bureau
State Capitol, Room 446
Honolulu, Hawaii 96813

Dear Director Takayama,

For your information and consideration, I am transmitting two (2) copies of the Report to the Legislature in accordance with Sections 52, 53, and 55 of Act 162, Session Laws of Hawaii 2009. Also enclosed are the letters of transmittal to the Senate President and the Speaker of the House.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott T. Nago".

SCOTT T. NAGO
Chief Election Officer

STN:AHS;CR
OE-022-11

Enclosures



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SCOTT T. NAGO
CHIEF ELECTION OFFICER

**Report to the Twenty-Sixth State Legislature
2011 Regular Session**

Relating to Office of Election Budget Provisions

**As Required by
Act 162, Session Laws of Hawaii 2009**

January 31, 2011

Act 162, Session Laws of Hawaii (SLH) 2009, directs the Office of Elections to issue various reports to address the provisions of Sections 52, 53, and 55. In the interest of economy, all required reports are addressed in this single report.

Section 52 – Budget Expenditures

Section 52 requires the present report to address the utilization of funds authorized under Act 162, SLH 2009, and the preparations for the 2010 elections. However, it should be noted that additional state funds were made available to the Office of Elections during fiscal year 2009-2010. These funds, were necessary to address, in part, the resignation of Congressman Neil Abercrombie which triggered the conducting of a special election. As such, the present report will address those funds in addition to those authorized under Act 162, SLH 2009.

First, additional funds came, in part, from an intradepartmental transfer of funds by the Department of Accounting and General Services to the Office of Elections, in the amount of \$502,827. This transfer of funds was for the purpose of supporting the Office of Elections in its preparations for the 2010 elections.

Second, additional funds were obtained through an emergency appropriation. Specifically, \$250,000 was appropriated to support the Office of Elections and the Election Commission in its preparations for the 2010 regular elections. Section 2, Act 81, SLH 2010.

Third and finally, the same emergency appropriation authorized \$140,000 to reimburse the City and County of Honolulu for any services it may provide the Office of Elections in regards to conducting the congressional special election. Section 3, Act 81, SLH 2010.

Act 162, SLH 2009 Budgetary Expenditures

Pursuant to Hawaii Revised Statutes (HRS) § 11-1184, the law provides that certain expenses and responsibilities are shared by the state and counties in regards to combined state and county elections. Among these shared expenses are the expenses related to the voting and vote counting system.

Due to significant increases in technology costs associated with compliance with the Help America Vote Act of 2002 (HAVA), the State of Hawaii for several years has utilized HAVA grant funds to supplement the funds traditionally appropriated to it by the Legislature, which has remained relatively the same since 1998. These grant funds have been largely diminished and the majority of the remaining funds have been earmarked for other HAVA requirements such as a statewide voter registration system.

As a result of this, the Legislature authorized \$2,800,000 for the State's portion of the voting system contract for the 2010 election. The budget provision provides that the Office of Elections will utilize \$500,000 in HAVA funds toward the cost of the voting system. Additionally, the budget provision required a quarterly report beginning with the first quarter of FY 2009-201 that would include but not be limited to the following:

- (1) A detailed list of expenditures that were procured with the \$2,800,000 in general funds;
- (2) A detailed list of encumbrances or budgeted expenditures for the remainder of FY 2009-2010;
- (3) The amount expected to lapse, if any;

With the conclusion of FY 2009-2010, the Office of Elections provides the following information:

- (1) Voting System Contract

The original estimate for the cost of the voting system for 2010 was \$5,600,000. As the State and counties split the cost of the voting system, it was

estimated that the State's share would be \$2,800,000. The legislature budgeted \$2,800,000 toward the cost of the voting system. It permitted \$26,316 to be expended to obtain matching federal funds of \$500,000 that could be used toward the cost of the voting system.

Ultimately, the cost of the voting system was \$4,600,000. The \$500,000 in federal funds reduced the cost to \$4,100,000. As the State and the counties split the cost of the voting system, the State's share was \$2,050,000. Pursuant to the terms of the proviso, the remaining \$723,684 (i.e. \$2,800,000 - \$26,316 - \$2,050,000) automatically lapsed to the general fund.

(2) FY 2009-2010 List of Encumbrances and Expenditures

Expense	Year End Amount
Personal Services	697,424.95
Janitorial Services	8,766.65
Supplies – Janitorial	443.81
Gasoline	4,361.89
Supplies - Data Processing	10,429.49
Supplies – Office	6,343.34
Meals - OCCC Work Group	709.16
Supplies – Other	3,481.12
Dues and Subscriptions	1,771.20
Public Notices/Advertisements	1,363.73
Freight/Delivery	475.21
Postage	2,330.69
Telephone	9,823.88
Printing	830.59
Mileage/Parking	
Reimbursements	494.15
Travel	7,399.94
Subsistence Allowance/Taxi	341.16
Electricity	31,107.40
Water/Sewer	1,486.50
Refuse Disposal	2,714.55
Postage Machine Rental	1,956.88
Copier Machine Rentals	18,007.72
Air Conditioning Maintenance	2,356.03

Alarm System Maintenance	1,382.55
Office Equipment Maintenance	631.41
Pest Control Service	1,102.50
Grounds Maintenance	2,335.84
Motor Vehicle Maintenance/Insurance	820.75
Property Insurance	4,082.82
Special Duty Police	381.00
County Election Reimbursements	37,978.80
2008 Air Freight Contract	15,351.24
Voter Registration System Access	2,308.32
Online Legal Services Access	4,889.90
Miscellaneous Expenses	4,085.84
Interest	504.77
Voting System Encumbrance	2,050,000.00
 Total	 2,940,275.78
 Allotment FY10	 3,781,459.00
 Lapsing Funds	 841,183.22

(3) Lapse of Funds

As indicated above, a total of \$2,940,275.78 was either expended or encumbered during FY 2009-2010. Taking into considerations the budgetary provisos found in Sections 52 and 53 of the budget bill, the Office of Elections budget was \$2,943,984 plus \$837,475 in funds that were required to lapse to the general fund.

Specifically, as indicated above, Section 52 required that whatever was not used of the \$2,800,000 for a voting system, must lapse to the general funds. This amounted to \$723,684.

Additionally, Section 53 provided \$113,791, or so much thereof as may be necessary, to fund the difference in salaries that would result from the eventual civil service conversion of various positions that had previously been authorized by Act 213, SLH 2007 to be converted. Former Governor Lingle determined that Act 213, SLH 2007 was defective in terms of its protection of incumbents in the positions to be converted.

As a result of this, progress on civil service conversion was stalled through the remainder of the FY 2010. Therefore, the \$113,791 was not accessible and had to lapse back to the general fund.

As such, \$837,475 lapsed as a result of Sections 52 and 53. Additionally, the Office of Elections lapsed \$3,708.22 of its normal operating budget. Therefore, the total amount that lapsed out of the Office of Elections' budgetary appropriation, under Act 162, SLH 2009, was \$841,183.22.

Intrdepartmental Budgetary Expenditures

FY 2009-2010 List of Encumbrances and Expenditures

Expense	Year End Amount
Personal Services	3,766.53
Overtime/Night Differential	15,543.46
Supplies - Data Processing	823.66
Supplies – Office	2521.01
Postage	2,330.69
Postage Licenses	195,440.00 ¹
Other Rentals	2,702.61
Miscellaneous Expenses	8,094.46
Total	231,222.42
Allotment FY10	502,827.00
Lapsing Funds	271,604.58

¹The Office of Elections had to prepay for postage with the United States Postal Service. This postage includes paying the return postage for each ballot that is returned. Presently, there is \$45,255.43 remaining of the postage originally purchased. Assuming no additional ballots are belatedly returned, this amount will be refunded to the Office of Elections and will lapse to the general fund.

Emergency Appropriation of \$250,000

FY 2009-2010 List of Encumbrances and Expenditures

Expense	Year End Amount
Supplies – Office	6,169.99
Supplies – Other	7,472.99
Election Commission Travel	995.40
Staff Travel	661.60
Printing	16,797.06
Binding Machine	4,026.18
Cellular Telephone Number Reservation	21,580.00
Postage	5,000.00
Truck Rental	38,302.92
Ballot Delivery	48,000.00
Ballot Transportation	99,996.00
Total	249,002.14
Allotment FY10	250,000.00
Lapsing Funds	997.86

Emergency Appropriation of \$140,000

The City and County of Honolulu chose not to charge the Office of Elections for any services it may have provided for the 2010 special election. As such, the \$140,000 appropriated for that purpose lapsed back to the general fund.

Section 53 – Status of Civil Service Conversion

Section 53 provided \$113,791 for Fiscal Years 2009-2010 and 2010-2011, to fund the difference in salaries that would result from the eventual civil service conversion of various positions that had previously been authorized by Section

115 of Act 213, SLH 2007 to be converted. Specifically, the civil service conversion law provided as follows:

SECTION 115. Provided that for the fourteen positions being converted from temporary to permanent in office of elections (AGS 879), no officer or employee of the State shall suffer any loss of salary, seniority, prior service credit, vacation, sick leave, or other employee benefit or privilege as a consequence of this Act, and such officer or employee shall be transferred or appointed to a civil service position without the necessity of examination; provided further that the officer or employee possesses the minimum qualifications for the position to which transferred or appointed; provided further that subsequent changes in status may be made pursuant to applicable civil service and compensation laws; provided further that an officer or employee of the State who does not have tenure and who may be transferred or appointed to a civil service position as a consequence of this Act shall become a civil service employee without the loss of salary, seniority, prior service credit, vacation, sick leave, or other employee benefits or privileges and without the necessity of examination; and provided that such officer or employee possesses the minimum qualifications for the position to which transferred or appointed.

Act 213 (SLH 2007).

Section 53 provides that a report will be provided that details which positions have been converted, which ones have not, and any additional money that may be needed to convert each position. However, former Governor Lingle as part of her budget execution policies determined that Act 213, SLH 2007 was defective. As such, we were not able to proceed with the civil conversion. The result was that the \$113,791 appropriated for Fiscal Year 2009-2010 lapsed to the general fund.

With the change in administration, new discussions were held with the Department of Accounting and General Services, regarding civil service conversion. It was agreed that the civil service conversion would go forward as there was no dispute that the positions had been previously designated for civil service conversion. The provision concerning incumbent office holders will continue to be unenforceable unless as an Attorney General opinion to the contrary is obtained.

Draft position descriptions for all of the positions to be converted to civil service have been submitted to the Department of Accounting and General Services – Personnel Division. The positions will be reviewed and applicable classifications series will be recommended. Subsequently, these recommendations will be submitted to the Department of Human Resources Development. After the Department of Human Resources Development determines the appropriate civil service classifications, the recruitment process will be initiated and eligible applicants will be interviewed and subsequently hired for the civil service positions.

Questions as to how much in additional funds may be needed to pay for the civil service conversion will not be known until such time as the Department of Human Resources Development assigns the applicable civil service classification to the position. Salaries will be determined by the applicable bargaining unit contract in place at the time.

Section 55 – Quarterly Reports

(1) *An updated list of vacant positions, noting current recruitment status.*

Vacant general funded positions for Fiscal Year 2010-2011 include the following:

POSITION NUMBER	TITLE
100204E	Election Specialist
101158E	Section Head (ESS)
101160E	Election Specialist (ESS)
101161E	Election Clerk
101162E	Section Head (CCOPS)
101163E	Warehouse Supervisor
101164E	Election Clerk
101882E	Election Assistant (POPS)
101884E	Election Assistant (POPS)
101885E	Election Specialist (CCOPS)
101889E	Info Comm Systems Analyst
105760E	Election Clerk (P/T)
105761E	Election Logistics Worker

105763E	Election Logistics Worker
105764E	Election Logistics Worker
105765E	Election Logistics Worker
105925E	Election Clerk
105928E	Election Clerk
105929E	Hotline Operator
105932E	Election Clerk
105933E	Hotline Operator
106053E	Election Specialist
106236E	Hotline Operator
101887E	Hotline Operator

Due to a hiring freeze in FY 2009-2010, the Office of Elections was permitted by former Governor Linda Lingle to solicit personal services contracts with Help America Vote Act funds to address some of the lack of personnel. At the conclusion of the 2010 election year, the personal services contracts expired. As of this date, none of the vacant positions have been filled.

(2) A detail of travel and overtime expenditures of the quarter, including justification or reason for expenditure.

The first two quarters of Fiscal Year 2009-2010 were addressed in a previous report to the Legislature by the prior Chief Election Officer. There were no travel expenditures for the last two quarters of Fiscal Year 2009-2010. In terms of overtime, the only overtime expenditures were those associated with conducting the congressional special election. Funds for said overtime were taken from Help America Vote Act funds and the special election appropriation by the legislature.

In regards to the first and second quarters of Fiscal Year 2010-2011 the following travel and overtime expenditures occurred:

Transportation Intra-State Employees	11,818.00
Transportation Intra-State Others	4,614.79
Taxi Fare To/From Airport	550.85
Subsistence Allowance Employees	1,911.18
Subsistence Allowance Others	1,125.03
Hire Passenger Cars Employees	1,056.00
Hire Passenger Cars Others	1,547.29
Overtime	32,192.36

(3) *A detailed listing of milestones, accomplishments, and activities of the chief election officer and each section occurring during the quarter.*

The first two quarters of Fiscal Year 2009-2010 were addressed in a previous report to the Legislature by the prior Chief Election Officer. In regards to the last two quarters of Fiscal Year 2009-2010 the following occurred:

Chief Election Officer. The counting center operations section head was appointed as Chief Election Officer. He has overseen the procurement of a voting system for the 2010 elections and the conducting of a congressional special election.

Ballot Operations Section. As of July 1, 2010, 337 nomination papers were issued and 132 candidates filed, statewide. The deadline to file nomination papers is July 20, 2010. Ballot shipping and Delivery and Collection transportation services procurements were completed. This section continues to work with the vendor on designing the ballot and finalizing ballot orders.

Computer Services Section. This section continues its support of all the information and technology needs of the Office of Elections.

Counting Center Operations Section. At the end of Fiscal Year 2009-2011 nearly 500 counting center workers had been recruited statewide.

Election Support Services Section. This section continued to receive, process, and report all financial transactions and activities of the Office of Elections to the Department of Accounting and General Services to which the elections office is attached for accounting purposes.

Precinct Operations Section. This section continued recruiting and training election day poll workers.

Voter Services Section. Work continued on finalizing voter education components of media campaign.

In regards to the first and second quarter of Fiscal Year 2010-2011 the following occurred:

The office successfully conducted the 2010 Primary and General Elections. The office provided secure, accessible and convenient elections to eligible voters statewide. Results were processed, tabulated and distributed statewide in a timely manner. Qualified persons were provided with accessible

and varied means to register to vote. Voter education outreach encompassed multimedia outlets and community forums.

(4) Updated planning timeline for the 2010 elections, including justification of any changes from the previously reported timeline.

The previously submitted timeline for the 2010 elections were not changed and the 2010 elections were successfully completed.