

**Technical Proposal**  
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**California Online Voter Registration (COVR) Project**  
**Proposed Performance Period: August 2011 – November 2012**

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Applicant: Secretary of State, State of California  
Sub recipient: Department of Motor Vehicles, State of California

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## **VOLUME 2 – BUDGET PROPOSAL AND JUSTIFICATION**

### **I. Itemized Budget**

The following budget proposal and justification describes the overall California Online Voter Registration Project (COVR) Project, including the Secretary of State (SOS), the Department of Motor Vehicles (DMV), and the DMV consultant budget proposals. The overall budget for the COVR Project is \$468,522.20.

As required by the Federal Voting Assistance Program (FVAP) grant notice, the SOS has prepared and submitted a SF 424 budget form for the SOS, the DMV and the DMV's consultant. In addition, the SOS and DMV have prepared the attached spreadsheets to help describe the proposed budget.

The justification of the proposed DMV budget and the DMV consultant budget are included under the section "E. Subcontracts/Subawards" and section "F. Consultants" below.

#### **A. Direct Labor**

The attached spreadsheets contain a high level description of the technical tasks and the hours of work by staff person for those tasks.

#### **B. Administrative and Clerical Labor**

The proposed budget does not include a request for FVAP funding to cover administrative and clerical labor as this project does not require an extensive amount of administrative or clerical support significantly greater than routine levels of support.

#### **C. Fringe Benefits and Indirect Costs (F&A, Overhead, G&A, etc.)**

The SOS has a benefits rate of 41% of the total SOS direct labor costs of \$64,901.30, which is \$26,609.53. Therefore, the total labor costs, including benefits, are \$91,510.83, as shown on the attached spreadsheet. The SOS has a federal government indirect cost rate of 68%, approved by the federal Election Assistance Commission, which (as applied to \$91,510.83) equals \$62,277.37.

The DMV has a benefits rate of 49.06% and an indirect cost rate, approved by the California Department of Finance, of 20.88%.

#### **D. Travel**

The proposed budget does not include a request for FVAP funding for travel costs. No travel is required for completion of the COVR Project.

## **E. Subcontracts/Sub Awards: California Department of Motor Vehicles (DMV)**

The COVR Project is designed to allow military and overseas citizens (and the public) to register to vote online and have digitized signatures on file with the DMV transferred to the SOS for voter registration purposes. The SOS will send an electronic request with specific data to the DMV in order to request the digitized signature. SOS will bundle the requests from the 58 counties and send a signature request file to DMV. SOS will label each request with a globally unique identifier (GUID) and the affiants' Driver License or Identification Card number (DL/ID). DMV will send the request file to the DL/ID Photo Vendor to retrieve the digitized signature. DL/ID Photo Vendor will retrieve the digitized signatures using DL/ID number and first three positions of the last name. DL/ID Photo Vendor will return the signature request file to DMV. DMV will place the file at OTECH for SOS to retrieve.

The DMV will develop its system to provide the following:

- All transmissions of data and digitized signatures will be through a secure transfer file protocol (SFTP).
- Service for signature requests between 21,000 and 120, 000 per bundle.

## **F. Consultants: Consultant to DMV**

The proposed budget includes a request for FVAP funding for the DMV to hire a consultant. Due to the expedited schedule for completion ahead of the 2012 Presidential Election, the DMV will hire a consultant to augment in-house staff resources. The DMV proposes a consulting contract of \$132,000 to provide a total of 1,056 hours at \$125 per hour.

The DMV's consultant will assist with programming development and system testing needs. The consultant will also document workflow and network architecture; assist with developing a specifications document and test plan; develop use cases; and transfer skills to the DMV for ongoing system maintenance.

Under state law, the DMV must first solicit bids before entering into a consulting agreement. If the SOS is awarded an FVAP grant for the COVR Project, the DMV will begin the bid process to hire a consultant. The bid process can take approximately 30 days. Therefore, the SOS will provide FVAP the signed Consulting Agreement and supporting documentation, including a copy of the consultant's statement of work, upon execution of the consulting agreement.

## **G. Materials and Supplies**

The proposed budget does not include a request for FVAP funding for materials and supply costs. The SOS will pay from its own funds for any materials and supplies required for completion of the COVR Project.

## **H. Other Direct Costs**

The proposed budget includes a request for FVAP funding for user fees the DMV will incur in development and deployment of the COVR Project. First, the DMV will incur a one-time increased user fee for the increase in data storage volume associated with this project with the California Office of Technology. Second, the DMV will incur an increased data processing user fee for the increase in data volume to be processed. Ongoing user fees in future years will be covered with existing resources, not FVAP funding.

## II. Budget Justification: Return on Investment (ROI) Analysis

### ROI Specific to UOCAVA Voters

Federal law requires UOCAVA voters to register as special absentee voters every two years, which requires using the paper-based Federal Post Card Application (FPCA) process. Elections officials process FPCA forms received by mail and fax by manually entering data from the FPCA form. There is no automated process for handling FPCA forms. Since most states don't hold off-year statewide elections – and since California does not plan to hold a statewide election in 2011 – the SOS begins with the presumption that virtually all 90,000 of the currently registered California UOCAVA voters will need to complete an FPCA form in 2012 to be able to vote in the 2012 Presidential Election.

When the COVR Project is complete, UOCAVA voters will be able to register to vote and apply for special absentee status using the SOS online voter registration website, instead of printing, signing and faxing or mailing an FPCA form. UOCAVA voters will also be able to submit a mailing address and method of ballot receipt on the COVR website. The estimated cost per online voter registration once the COVR Project is up and running is less than 10 cents.

California counties currently spend an average of \$2.44 to process (i.e., receive and enter the data into the voter registration database) each state voter registration card (VRC). In some counties, including Los Angeles (\$4.79), the cost of processing each VRC is very high, because election staff must manually enter voter information (name, address, etc.). In other counties, including Orange (\$1.35), the cost is lower because VRCs can be scanned and the data from digital images imported into the voter registration database. The average cost to process the National Mail Voter Registration Form and the FPCA is estimated to be much higher, because no California county has the ability to scan and import data from these forms.

The SOS estimates a net savings of \$2.34 per online registration over the current paper-based voter registration system. This figure is based on the current average county cost of processing state voter registration cards (VRCs), which is \$2.44 per registration, minus the estimated cost of operating the online voter registration system, which is estimated to be less than 10 cents per registration.

Therefore, if 90,000 existing UOCAVA voters register and submit special absentee status requests online instead of on paper in 2012, California counties will save at least **\$210,000** (\$2.34 net savings per registration x 90,000) in the first year of operation of the COVR Project.

The COVR Project is designed to generate higher numbers of UOCAVA registrations than in prior election years, because registering online is quick and easy for anyone with access to a mobile device with Internet capabilities. For every 10,000 additional UOCAVA voters who register online, California will save an additional **\$23,400** (\$2.34 x 10,000).

## ROI Overall for California

FVAP's investment in the COVR project will benefit all California voters, not just UOCAVA voters, because the online voter registration website will be open to the public. Therefore, a more accurate ROI can be calculated using the total number of online voter registrations expected in California in 2012 and beyond.

During the 2008 Presidential Election, California counties processed at least 4 million VRCs. This figure is based on the SOS's biennial report to the Election Assistance Commission (EAC), which shows counties received more than 8 million VRCs during 2008-2009. If a similar number of voter registrations (4 million) are submitted during the 2012 Presidential Election, and just 25% of those new registrations are done online, then 1 million registrations will be processed online instead of on paper, creating a total **county savings of \$2,340,000 in 2012 alone** (1,000,000 registrations x \$2.34).

In addition, the COVR project will create additional cost savings of 51 cents per online registration in printing and postage cost savings. This figure is over and above the estimated \$2.34 in processing cost savings per online registration. California spends 7 cents print each VRC on special card stock and 44 cents each time a voter submits a VRC by mail, because each VRC contains a pre-paid first class postage stamp. Conservatively speaking, the SOS expects at least 1,000,000 people to use the COVR website to register to vote in 2012 instead of using a paper VRC. Therefore, the **SOS will save \$510,000 in printing and postage costs in 2012 alone.**

**Overall, the COVR Project is estimated to save California counties \$2,340,000 and the SOS \$2,850,000 in 2012, which creates an ROI on this project during the first year of operation.**