

## Recommendations for Elections Appropriations<sup>1</sup>

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Legislators must invest in both the North Carolina State Board of Elections (NCSBE) and provide passthrough funding for County Boards of Elections (CBOEs). The 2020 election-cycle demonstrated the precarity of our current election infrastructure in North Carolina.

### Recommendations | Financial Investment in Local Infrastructure

- 1. The NCGA should immediately secure funding for 2021 municipal elections.** COVID-19 is as much of a health risk in early 2021 as it was in Fall 2020. Funds will once again be needed to conduct safe in-person voting, as well as a robust absentee voting program.
- 2. The NCGA should develop new permanent revenue sources for funding elections.** Counties should not be solely responsible for shouldering the burden of administering and funding elections or have to rely on sporadic public and private funding.
- 3. NCGA and NCSBE should develop ways to make absentee voting more secure and cost-efficient.** This includes investing in signature verification software, secure drop-boxes, and high-speed scanners.

### Overview | Financial Investment in Local Infrastructure

In North Carolina, local governments shoulder the burden of administering and funding elections within their counties.<sup>2,3</sup> In 2020, adapting to the challenges of the COVID-19 pandemic posed significant new election costs, including printing and mailing absentee ballots to a record number of voters.<sup>4</sup> A majority of these expenses were paid for by one-time federal funds, with additional support from matching state funds and investment from private funders.

Although COVID-19 continues to impact our state, there are no dedicated federal or state funds for administering the 2021 municipal elections or any future elections. Legislators must develop new, long-term sources for investing in local election infrastructure.

### Election Expenses | Financial Investment in Local Infrastructure

Although public data is not yet available, the 2020 presidential election was likely the costliest to administer in North Carolina history. More voters cast their ballot by mail in 2020 than ever before.<sup>5</sup> This placed a significant burden on counties to print and mail over 1,475,700 absentee ballots.<sup>6</sup>

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<sup>1</sup> A version of this memo will be incorporated into a future report for the Institute of Southern Studies. Forthcoming in 2021.

<sup>2</sup> National Conference of State Legislators (2018, August 3). Election Costs: What States Pay. <https://www.ncsl.org/research/elections-and-campaigns/election-costs.aspx>.

<sup>3</sup> NCSBE does not collect data on the expenditures of each county board of elections in North Carolina.

<sup>4</sup> North Carolina State Board of Elections (2020, April 22). *CARES Act Request and Clarification to Recommendations to Address Election Related Issues Affected by COVID-19* [Memorandum]. Retrieved from <https://s3.amazonaws.com/dl.ncsbe.gov/Outreach/Coronavirus/State%20Board%20CARES%20Act%20request%20and%20legislative%20recommendations%20update.pdf>.

<sup>5</sup> According to data provided by the North Carolina State Board of Elections, 20% (1 in 5) of all registered voters requested absentee ballots in 2020.

<sup>6</sup> North Carolina State Board of Elections (2020, December 22). *2020 in Review: 20 Ways Election Officials Served Voters in 2020* [Press release]. Retrieved from <https://www.ncsbe.gov/news/press-releases/2020/12/22/2020-review-20-ways-election-officials-served-voters-2020>.

Counties also purchased high-speed scanners, tabulators, and ballot sorting machines to count absentee ballots.<sup>7</sup>

The cost of administering in-person voting was also higher than in previous elections. Counties were required to purchase single-use pens and styluses for each voter, as well as hand sanitizer, masks, plexiglass shields, and sanitation supplies. The need for larger voting sites - which would allow for voters to more easily socially distance - forced counties to pay facility rental fees for larger spaces, including private buildings.<sup>8</sup>

Counties also bore the cost of recruiting, hiring, and training election workers. This included poll workers as well as multi-partisan assistance team (MAT) members who are responsible for helping voters in facilities with registering to vote or casting a ballot. After the State Board of Elections required additional Early Voting sites and hours, even more new employees were needed to staff these sites.<sup>9</sup>

### **Federal & State Election Funding Sources | Financial Investment in Local Infrastructure**

Federal Help America Vote Act (HAVA) funds served as a major funding source for local elections in 2020. HAVA funds totaled \$11,677,441 in federal funding, which was matched with \$2,335,488 in state funding. Each county board of elections (CBOE) was eligible for a minimum reimbursement amount of \$10,000 in HAVA funding. Counties could receive up to a maximum reimbursement of \$250,000, on a first-come, first-served basis, until the total funds available were expended.<sup>10</sup>

The Coronavirus Aid, Relief, and Economic Security (CARES) Act provided another major source of federal election funding to North Carolina counties. A one-time award of \$10,947,139 was provided to the state of North Carolina, which was matched by \$2,120,497 in state general funds.<sup>11</sup> Each CBOE was eligible for between \$20,000 to \$30,000 in funding, plus additional funding based on the number of registered voters in the county.<sup>12</sup> CARES funds were required to be spent by December 31, 2020.

CARES funds were restricted for COVID-19-related expenses, including providing postage for absentee ballots, ensuring an adequate number of poll workers, launching public awareness campaigns, and promoting the use of multi partisan assistance teams.<sup>13</sup> While HAVA funds historically have been reserved for cyber security, funds in 2020 could be used for COVID-19 response efforts.<sup>14</sup>

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<sup>7</sup> North Carolina State Board of Elections (2020, April 22). *CARES Act Request and Clarification to Recommendations to Address Election Related Issues Affected by COVID-19* [Memorandum]. Retrieved from <https://s3.amazonaws.com/dl.ncsbe.gov/Outreach/Coronavirus/State%20Board%20CARES%20Act%20request%20and%20legislative%20recommendations%20update.pdf>.

<sup>8</sup> Id.

<sup>9</sup> North Carolina State Board of Elections. (2020, July 23). Emergency Order of July 17, 2020 [Numbered memo 2020-14]. Retrieved from [https://s3.amazonaws.com/dl.ncsbe.gov/sboe/numbermemo/2020/Numbered%20Memo%202020-14\\_Emergency%20Order%20of%20July%2017%2C%202020.pdf](https://s3.amazonaws.com/dl.ncsbe.gov/sboe/numbermemo/2020/Numbered%20Memo%202020-14_Emergency%20Order%20of%20July%2017%2C%202020.pdf)

<sup>10</sup> North Carolina State Board of Elections (2020, July 15). *2020 Coronavirus Aid, Relief, and Economic Security ("CARES") Act Funds & 2020 Help America Vote Act (HAVA) Funds – Election Administration Preparedness for 2020 Federal Elections*. Retrieved from <https://www.buncombecounty.org/common/Commissioners/20200901/Fund%20100%20Elections%20CARES%20%26%20HAVA%20Funds%20more%20info.pdf>.

<sup>11</sup> Id.

<sup>12</sup> Id.

<sup>13</sup> North Carolina State Board of Elections (2020, April 22). *CARES Act Request and Clarification to Recommendations to Address Election Related Issues Affected by COVID-19* [Memorandum]. Retrieved from <https://s3.amazonaws.com/dl.ncsbe.gov/Outreach/Coronavirus/State%20Board%20CARES%20Act%20request%20and%20legislative%20recommendations%20update.pdf>.

<sup>14</sup> Id.

HAVA and CARES funding provided much-needed assistance to state and local governments during the 2020 Presidential Election. However, these funds were one-time injections into state coffers, and will not continue into future elections.

### **Private Funding Sources | Financial Investment in Local Infrastructure**

Recognizing that local election offices lacked the funding to administer the 2020 General Election, private donors stepped in to fill the gap. The USC Schwarzenegger Institute,<sup>15</sup> Center for Tech & Civic Life,<sup>16</sup> and the Z. Smith Reynolds Foundation<sup>17</sup> each contributed funding to North Carolina counties. More than one-third of NC counties received private election funding, including 39 counties in total.<sup>18</sup>

This surge in local demand for private investment shows the direct and immediate need for additional state and federal election funding. Given the realities of changing funding priorities, private foundations cannot be relied on as long-term funding sources, as their funding priorities change from year to year. And while states like North Carolina were in the national spotlight during the 2020 Presidential Election, drawing increased attention from private investors, this will likely not be the case in 2021 and 2022 when the realities of voting during a pandemic remain.

### **Untapped Funding Sources | Financial Investment in Local Infrastructure**

North Carolina has several untapped election funding sources for responding to COVID-19. As of December 2020, the state has roughly \$4.4 billion in available unreserved funds. The state's Saving's Reserve — commonly known as the Rainy Day Fund — currently has a savings reserve balance of over \$1.2 billion. This Rainy Day Fund can and should be used to address emergencies, including the COVID-19 pandemic.<sup>19</sup>

Additionally, North Carolina policymakers have an array of tools at their disposal to adequately and equitably raise new revenue for election administration. These include:

- Increasing the corporate income tax to 6 percent, which would raise roughly \$1 billion annually.<sup>20</sup>
- Establishing a graduated rate at 7 percent on all income over \$500,000 which could raise over \$1 billion annually, depending on its design.<sup>21</sup>
- Reinstating the state tax on estates valued at \$1 million or more which would raise over \$260 million annually.<sup>22</sup>

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<sup>15</sup> University of Southern California Schwarzenegger Institute (2020). *Grant Recipients*. Retrieved from <https://www.pollingaccessgrants.org>.

<sup>16</sup> Center for Tech and Civic Life (2020, October 29). *CTCL Program Awards Over 2,500 COVID-19 Response Grants*. Retrieved from <https://www.techandciviclife.org/grant-awards>.

<sup>17</sup> Z. Smith Reynolds Foundation (2020, October 8). *ZSR Awards \$50,000 Grant to Forsyth County Board of Elections to Support Fair and Safe Elections*. Retrieved from <https://www.zsr.org/articles/zsr-awards-50000-grant-forsyth-county-board-elections-support-fair-and-safe-elections>

<sup>18</sup> The following North Carolina counties applied received CTCL grants for the 2020 general election: Alamance, Alleghany, Beaufort, Brunswick, Buncombe, Camden, Catawba, Clay, Craven, Durham, Edgecombe, Graham, Guilford, Harnett, Hoke, Iredell, Jackson, Johnston, Jones, Lee, Lenoir, McDowell, Mitchell, Moore, Orange, Pamlico, Randolph, Stanly, Surry, Swain, Wake, Warren, Watauga, Wilkes, and Yancey. The following North Carolina counties received Democracy Grants for Voting Access & Election Administration from the Arnold Schwarzenegger Institute: Hertford, Graham, Greene, Haywood, Jackson, McDowell, Onslow, Surry, Swain, and Warren.

<sup>19</sup> North Carolina Office of the State Controller (2020). *General Fund monthly financial report: December 2020*. Retrieved from [https://files.nc.gov/ncosc/documents/files/GFMR/2020/Dec\\_2020\\_Gen\\_Fund\\_Monthly\\_Report.pdf](https://files.nc.gov/ncosc/documents/files/GFMR/2020/Dec_2020_Gen_Fund_Monthly_Report.pdf).

<sup>20</sup> Special Data Request to Institute on Taxation and Economic Policy, November 2020.

<sup>21</sup> *Id.*

<sup>22</sup> *Id.*