



CONGRESSIONAL BUDGET OFFICE
U.S. CONGRESS
WASHINGTON, D.C. 20515

Attachment 2

June E. O'Neill
Director

August 11, 1995

Honorable Paul D. Coverdell
United States Senate
Washington, D.C. 20510

Dear Senator Coverdell:

The Congressional Budget Office is pleased to respond to your letter regarding our estimate of the costs to state and local governments of the National Voter Registration Act of 1993 (NVRA), commonly known as the Motor-Voter Act. Based on recent information from 21 states and more than 100 local governments, we have concluded that the total costs incurred by both states and local jurisdictions to implement the registration procedures required by the NVRA will probably be less than \$30 million annually. These new procedures appear to be resulting in a significant increase in voter registration. Consequently, we also expect that the cost of administering elections will probably increase by \$40 million to \$45 million per year for several years as a result of increased voter registration.

In CBO's previous estimate (dated February 24, 1993) for S. 2 in the 103rd Congress, we estimated that the net costs to state and local governments for implementing the new registration procedures would be less than \$20 million per year. We also determined that additional costs incurred by state and local governments to computerize voting records should not be attributed to the NVRA. That estimate did not address the potential impact of increased voter registration on the costs of conducting elections. Comparing our current findings with the previous estimate, we have found that:

- The costs incurred by departments of motor vehicles (DMVs) will probably be significantly lower than the \$20 million we previously estimated.
- The costs required for state agencies other than DMVs to implement the NVRA will not be substantial. (That is consistent with our earlier estimates.)
- Although we did not previously identify postage as a significant cost, we now estimate that state and local governments may spend as much as \$10 million per year over the next four years for mailings required by the NVRA. Those costs will probably be higher than we previously estimated in part because most of the jurisdictions are not able to take advantage of the postal rate subsidy provided by the law. Associated personnel costs to handle the

increased volume of registrations will probably total about \$15 million annually for the next four years.

- We again concluded that the NVRA does not require computerization of voter records and that such computerization is not necessary to implement the law. Therefore, those costs should not be attributed to this law. Additional investment in computers and software, although not mandated, may very well be desirable and would probably result in reduced voter registration costs in some states in the long run.
- As a result of expected increases in voter registration, local governments will probably incur additional annual costs of \$30 million to \$35 million over the next four years to administer elections plus one-time costs of up to \$50 million, spread over several years, for purchasing voting equipment.

What follows is a summary of our methodology and our major findings.

Methodology

For this estimate, CBO relied on data gathered at the time of our earlier estimates as well as new information provided by state and local officials. In order to reexamine the findings of our previous estimate, we contacted officials in all eight states identified in your letter and in 13 additional states. Those 21 states include 67 percent of the country's voting-age population. In choosing the additional states to contact, we selected a cross section of states that are now implementing motor/voter procedures and those that already have experience with at least some of the procedures required by the NVRA. We also contacted election officials in over 100 local jurisdictions in all 50 states.

Costs of Registration Provisions

Costs to DMV and Other State Agencies. The NVRA requires that each application for a driver's license include a voter registration application. In addition, it requires each state to designate other state agencies as voter registration agencies. Those agencies must distribute and collect applications for voter registration and forward them to the appropriate election officials. In CBO's previous estimate, we found that the total cost of DMV and other agency registration would be about \$20 million annually during the first five years of implementation.

Based on information provided by state officials, we now expect that those costs will be less than previously estimated--probably no more than \$5 million per year. The states we contacted that have implemented agency registration generally have not experienced noticeable increases in costs in their DMVs or other agencies. Many of the states that are now implementing agency registration could not isolate the expected costs, but those that could generally identified only relatively small amounts,

primarily for printing and storing forms. Some states expect increased costs for postage and computerization, and those issues are discussed below.

In contrast, a few states that have not yet implemented agency registration predict very high agency costs. California, for example, has estimated that the additional workload for agency registration will cost \$10 million to \$15 million per year. Such estimates generally assume a level of effort that has not actually been required in states that now have agency registration. Very few of the states we contacted either increased their staff or expected to do so to implement motor vehicle or other agency registration. Based on the experience of states that have implemented agency registration procedures, we expect that costs for states such as California will be significantly less than they now predict.

Postage and Associated Costs. State and local governments probably will incur additional postage costs as a result of the increased volume of registrations and address changes after they implement the NVRA. Those costs, which could total as much as \$10 million per year in the next four years, were not identified in our earlier estimate. They will result primarily from the requirement that written confirmations be sent by local election officials to everyone who registers to vote or submits an address change. Many jurisdictions already send written confirmations to registrants, but the number of transactions will probably increase sharply following implementation of the NVRA. In addition, the need to mail completed registration forms from state agencies to local election officials will result in increased postage costs. In both cases, postage costs should decline significantly after the first four years when the number of new registrations should drop off.

In order to estimate postage costs, CBO assumed that national voter registration would increase from 65 percent to 85 percent of the voting-age population. (Many states have experienced significant increases in the number of registered voters after implementing the new procedures.) Further, we assumed that these new registrations would be spread over the next four years. CBO also assumed that duplicate registrations and changes of address would generate a large number of confirmations over that same period. We estimate that the cost of mailing all these confirmations--about 25 million a year--would be about \$7 million in each of the next four years and much less thereafter.

To estimate the cost of sending applications from state agencies to local election officials, we assumed that the agencies would forward applications once each week, resulting in total costs of about \$3 million per year. Again, this level of activity should continue for only four years and then decline significantly. This cost could be higher if agencies chose to mail these applications more often, but the law does not require them to do so.

In its previous estimate, CBO assumed that existing state and local postage costs would be partially offset by a postal rate subsidy provided in the NVRA. We expected that subsidy to shift about \$4 million in postage costs from local jurisdictions to the federal government. As you noted in your letter, however, the subsidy is available only for third class mail, and it now appears that most of the confirmations will not meet the standards established for that class of mail. Had state and local

governments been able to take advantage of this subsidy, it would have reduced the postage costs associated with the additional registrations as well as shifted some of the costs associated with the existing volume of registrations.

Some local jurisdictions--particularly the larger ones--are also likely to face costs for additional personnel to process applications. Many of the jurisdictions we contacted indicated that they would be able to handle the increased volume of registrations without hiring new staff, whereas others plan to rely on part-time or seasonal workers. In total, we estimate that over the next four years, added personnel costs of local governments will amount to about \$15 million annually.

Computerization. Several of the states identified in your letter included computerization as a major component of the cost of implementing the NVRA. As we stated in our previous estimate, the NVRA does not mandate computerization of voter records, nor does implementation of the bill depend on computerization. Most of the state officials we contacted endorsed that judgment. In some instances, however, states or counties have decided that computerization will result in efficiencies that would warrant a significant one-time investment. Although those states may choose to computerize, the associated costs should not be attributed to the NVRA.

Costs of Administering Elections

The states you referred to in your letter included in their estimates some costs that result not from the specific registration procedures required by the NVRA, but rather from the increase in registered voters that those procedures are expected to generate. Costs in that category primarily are ones associated with administering elections--costs borne mostly by local jurisdictions. Those costs include additional spending for election workers and other recurring items such as printing. They also include one-time costs for purchasing voting equipment. Assuming that registration in each state increases to about 85 percent of the voting-age population, we expect those recurring costs to total \$30 million to \$35 million annually. Further, we estimate that the total investment in equipment brought about by the increased registration could be as much as \$50 million, spread over several years. Therefore, total annual costs would be no more than \$40 million to \$45 million, on average, assuming that all new equipment was purchased within five years.

The level of spending on equipment is particularly uncertain and extremely variable among jurisdictions, depending on the type of equipment used and the current level of registration. Because of the variation in equipment costs, it is very difficult to generalize based on information from even a large sample of local governments. Both the recurring and the one-time costs could be significantly less if local governments are able to increase the ratio of registered voters to workers and machines. That may be possible, particularly if turnout among these newly registered voters is relatively low, as some state and local officials expect.

Honorable Paul D. Coverdell
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I hope we have addressed your concerns. If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Marjorie Miller and Rachel Robertson, who can be reached at 225-3220.

Sincerely,

A handwritten signature in cursive script that reads "James A. Blum". The signature is written in black ink and is positioned above the typed name and title.

for

June E. O'Neill
Director