



U.S. ELECTION ASSISTANCE COMMISSION
1201 New York Ave. NW – Suite 300
Washington, DC 20005

**U.S. Election Assistance Commission (EAC)
Funding Advisory Opinion
FAO-11-001**

Date Issued: December 1, 2010

Requestor: Alaska (AOR-10-005)

Question: May HAVA Section 251 funds be used to purchase an automated mail ballot processing system to accommodate the growing volume of mail ballots within required timeframes? This would help to ensure that military and overseas voters' outgoing ballots are processed in the most expeditious manner.

Answer: EAC finds the purchase of an automated mail ballot processing system using HAVA Section 251 funds an allowable expenditure and that Alaska may precede with the acquisition of the equipment.

Discussion: The Office of Management and Budget (OMB) Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, requires EAC to consider three factors when determining whether or not to approve a request by a grantee to use federal funds to purchase equipment costing \$5,000 or more. The cost must be (1) allowable; (2) allocable; and (3) reasonable. Here, Alaska is requesting approval of an automated mail ballot processing system to help ensure that military and overseas voters' outgoing ballots are processed in the most expeditious manner. The Alaska Division of Elections will conduct a competitive bid process before purchasing the ballot processing system. This will help ensure the reasonableness of the purchase. Based on estimates, the cost will range between \$175,000 and \$200,000.

A cost is allowable if it meets the criteria for authorized expenditures specified in the applicable statute and cost principles. The purchase of an automated mail ballot processing system is an allowable expense under both Section 101 and Section 251 of HAVA. Previous policy established by EAC in its *Frequently Asked Questions Regarding Appropriate Use of Help America Vote Act Funds* (FAQ) in response to questions 9, 10, and 11 allows the use of Section 101 and 251(b) funds to purchase equipment for the purpose of processing mail related to improving the administration of federal elections. The mail ballot processing system will be used to distribute outgoing mail ballots including meeting the requirements of distributing ballots under the Military and Overseas Voter Empowerment Act.

A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits



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received.¹ In order for the cost of the equipment to be fully allocated to HAVA funding, the benefits received from the purchase of the automated mail ballot processing system must be directly related to the purpose of the expenditure. Here, Alaska indicates that the mail ballot processing system will be used to process the growing number of mail ballots within the required timeframes.

A cost is reasonable if "...in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost."² The state will need to follow state procurement policies and guidance offered in OMB Circular A-87 to ensure that the cost of any equipment purchased for this purpose is reasonable and that costs are allocated appropriately to HAVA funds.

Therefore, EAC finds that Alaska's purchase of an automated mail ballot processing system to accommodate the growing volume of mail ballots is an allowable use of Section 251 funds.

¹ OMB Circular A-87, Section C, Subsection 3(a).

² OMB Circular A-87, Section C, Subsection 2.