EXHIBIT B
July 28, 2008

The Honorable Edward G. Rendell
Governor of Pennsylvania
Harrisburg, PA 17120

Dear Governor Rendell:

This letter describes the final distribution of funds by the General Services Administration (GSA), in carrying out our responsibilities under Title 1 of Public Law (P.L.) 107-252, the Help America Vote Act (HAVA, "the Act"). The Act tasks GSA with responsibility for disbursing funds to the States, the District of Columbia and the Territories to implement various improvements to the Federal election process, including the replacement of voting equipment. Please see the enclosed letter (Enclosure 1) for background information on the program, original plans for applying for funds, timeline, etc.

Payments

Pennsylvania applied and certified timely to Sections 101 and 102 of HAVA, Title I. GSA, as described in Enclosure 1, processed an initial payment of $5,000,000.00, which was transferred electronically on 4/15/2003 to the account specified by Kenneth Rapp, Dep. Secretary for Regional Programs. Once all of the State applications were received and verified, GSA determined the final distribution of funds to the States, according to HAVA instructions, and processed the final payments. An additional payment of $29,240,120.00 was made to the same account specified, again by Electronic Funds Transfer (EFT), and GSA verified receipt of the funds to that account on Monday, June 16, 2003. Thus, Pennsylvania received a total of $34,240,120.00, consisting of a Section 101 payment of $11,323,168.00, and a Section 102 payment of $22,916,952.00. We will assume that your Chief Election Official and designee for payment of funds is Monna Accurti, Secretary of State, unless you notify us differently.

The Section 101 payment is for one or more of the following purposes, as indicated by Pennsylvania’s certification of Section 101:

- Complying with the requirements of Title III of the Act;
- Improving the administration of elections for Federal office;
- Educating voters concerning voting procedures, voting rights, and voting technology;

U.S. General Services Administration
1800 F Street, NW
Washington, DC 20405-0002
www.gsa.gov
-2-

- Training election officials, poll workers, and election volunteers;
- Developing the State plan for requirements payments to be submitted under Part 1 of Subtitle D of Title II (Sections 251-257) of the Act;
- Improving, acquiring, leasing, modifying, or replacing voting systems and technology and methods for the casting and counting of votes;
- Improving the accessibility and quantity of polling places, including providing physical access for individuals with disabilities, providing non-visual access for individuals with visual impairments, and providing assistance to Native Americans, Alaska Native citizens, and to individuals with limited proficiency in the English language; and/or
- Establishing a toll-free telephone hotline that voters may use to report possible voting fraud and voting rights violations, to obtain general election information, and to access detailed automated information on their own voter registration status, specified polling place locations, and other relevant information.

The Section 102 payment is for the following purpose as indicated by Pennsylvania's certification of Section 102, for 7,179 total qualifying precincts, consisting of 1,030 punch card precincts and 6,149 lever voter system precincts:

- A State is obligated to use the funding (either directly or as a reimbursement for costs incurred on or after January 1, 2001) to replace punch card voting systems or lever voting systems in precincts within that State that used such systems in the November 2000 election ("qualifying precincts").
- A State that receives funding for this program must ensure that all of the punch card voting systems or lever systems in the qualifying precincts within that State will be replaced in time for the regularly scheduled general election for Federal office to be held in November 2004 (unless a waiver is obtained under Section 102(a)(3)(B)).
- Section 102(a)(3)(B) says that States may request a waiver by certifying to the Administrator of General Services not later than January 1, 2004, that the State will not meet the deadline specified above, for good cause and including in the certification the reasons for the failure to meet such deadline, the State shall ensure that all of the punch card voting systems or lever voting systems in the qualifying precincts within the State will be replaced in time for the first election for Federal office held after January 1, 2006.
- Section 102(d) deals with repayment of funds for failure to meet the deadline, and says that if a State receiving Section 102 funds fails to meet the deadlines stated above, the State shall pay to the Administrator an amount equal to the noncompliant precinct percentage of the amount of the funds provided to the State under the program. This amount will be $3,192.22 per noncompliant precinct.
- The State will continue to comply with current voting laws stated in Section 906; and,
- The replacement voting systems will meet the requirements of Title III, Section 301.
Method of Calculations

The following describes the method of calculations for distribution of the HAVA Title I funds, which was reviewed and cleared with both House and Senate staff, our General Counsel's office, and our Inspector General's office.

Total Availability. The total amount available for distribution is $649,500,000, calculated by taking the total $650,000,000 appropriated for this purpose in Public Law 108-7, and subtracting the $500,000 allowed for GSA administrative costs.¹ For initial calculations, this amount is divided evenly between Sections 101 and 102 at $324,750,000 per section.

Section 101. Step one of two gives one-half of one percent of $324,750,000 to each State and the District of Columbia ($1,623,750) and one tenth of one percent of the total ($324,750) to Guam, Puerto Rico, the U.S. Virgin Islands and America Samoa. The total distributed under step one is $84,110,250.

The second step allocates funds from the $324,750,000 not allocated in the first step (totaling $240,639,750) based on each State and Territory's proportionate share of the voting age population as reported in the 2000 Census (total 212,050,630, including Territories). The sum of the funds allocated in the first step and the second step equals $324,750,000.

Section 102. First, $4000 was allocated to each State for each precinct that used punch card or lever voting machines in the 2000 election, as certified by the State, totaling $376,312,000. The State totals were then reduced on a pro rata basis to 86.29807 percent of the original total, so that the nationwide total of funds allocated did not exceed $324,750,000.

Section 103. Section 103 of the Act guarantees that each State will receive a minimum payment of $5,000,000 and each territory will receive a minimum payment of $1,000,000. If a State were to receive less than $5,000,000 (or a Territory less than $1,000,000) for both programs, based on the calculations described above for Sections 101 and 102, that State's or Territory's payment was increased to the minimum. The remaining States' payments under Sections 101 and 102 were reduced on a pro rata basis, per Section 103(b), so that the total did not exceed the $649,500,000 total availability. The amount of the reduction to the remaining States' payments was $44,460,348. This required a pro rata reduction of 7.52341 percent to the remaining State's Sections 101 and 102 payments. After all reductions, the net amount per qualifying precinct for voting machine replacement is $3,192.22.

¹ GSA's administrative costs will be substantially less than $500,000, and the amount not used by GSA will be transferred to the Election Assistance Commission when it becomes operational.
Reporting and Conformance

By January 21, 2004, States will provide reports to GSA on actual expenditures as of December 31, 2003. Each funding recipient will be required to submit verification of actual purchases and expenditures. States should report using Standard Form 269 for Sections 101 and 102 categories. A separate form should be used for each section. Information regarding actual funds expended will be reconciled against funding provided. GSA will provide this information to the Election Assistance Commission once it becomes operational, and reporting dates are subject to change by the Commission.

State recipients of these funds are required to conform to the following Office of Management and Budget (OMB) grant guidelines found at http://www.whitehouse.gov/omb/circulars/index.html:

- OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments (Cost Principles)
- OMB Circular A-102, Grants and Cooperative Agreements With State and Local Governments (Administrative Requirements)
- OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Single Audits, Audit Requirements).
- In addition, Title I funds are subject to the Cash Management Improvement Act (CMIA) that is generally applicable to all Federal grants. State Treasurers/Chief Financial Officers are very familiar with CMIA and should be able to offer guidance on requirements.

The Catalog of Federal Domestic Assistance number assigned to this project is 39.011, Election Reform Payments. Please see the following reference for further information:


Audits

Title IX, Section 902 of Public Law 107-252, states that with respect to any grant or payment made in accordance with this Act by GSA, the Election Assistance Commission must be regarded as the office making the grant or payment, for the purposes of audits.
Assistance

If you have any questions or comments, please feel free to contact me at 202.501.0719, or Stephen Kulenguski at 202.501.4496. Questions about transfers of funds may be addressed to Sharon Pugh or Brad Farris at 816.823.3108 in our regional Finance Center. The GSA Regional Administrator for Pennsylvania is Barbara L. Shelton, telephone 215.446.4900. Thank you.

Sincerely,

[Signature]

Deborah J. Schilling
Director of Budget

Enclosures

Copies sent to:
Chief Election Official, Monna Accurti, Secretary of State
Chief Financial Officer, Barbara Hafer, State Treasurer
Regional Administrators