

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number
Bill Version
() Publish Date

HB 125

Identifier (file name) HB125-CCED-ABC-02-18-11

Dept. Affected DCCED

Title	An Act moving the Alcoholic Beverage Control Board to the Department of Commerce, Community & Economic Development	Appropriation	Alcoholic Beverage Control Board
Sponsor	Legislative Budget and Audit	Allocation	Alcoholic Beverage Control Board
Requester	House Labor & Commerce	OMB Component Number	2690

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information					
OPERATING EXPENDITURES	FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Personal Services		1,125.0	1,125.0	1,125.0	1,125.0	1,125.0	1,125.0
Travel		85.9	85.9	85.9	85.9	85.9	85.9
Services	228.5	285.1	324.9	324.9	324.9	324.9	324.9
Commodities		9.6	9.6	9.6	9.6	9.6	9.6
Capital Outlay	19.0	0.1	0.1	0.1	0.1	0.1	0.1
Grants							
Miscellaneous							
TOTAL OPERATING	247.5	1,505.7	1,545.5	1,545.5	1,545.5	1,545.5	1,545.5

CAPITAL EXPENDITURES							
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CHANGE IN REVENUES							
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts	247.5	1,384.6	1,424.4	1,424.4	1,424.4	1,424.4	1,424.4
1037 GF/Mental Health							
1007 Interagency Receipts		121.1	121.1	121.1	121.1	121.1	121.1
TOTAL	247.5	1,505.7	1,545.5	1,545.5	1,545.5	1,545.5	1,545.5

Estimate of any current year (FY2011) cost

POSITIONS

Full-time		11	11	11	11	11	11
Part-time							
Temporary							

Why this fiscal note differs from previous version (if initial version, please note as such)

After re-examination of the ABC Board management structure, this fiscal note aligns the appropriation/allocation to the ABC Board rather than to DCCED Administrative Services. The additional evaluation also resulted in reduced overall costs. This reduction is based on the net change of providing in-house versus task order project management for database migration and security model design; removing costs associated with the ABC Board user participation; and an increase to align the ABC Board with DCCED's cost allocation plan for Commissioner Office and Administrative Services support.

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Commerce, Community and Economic Development

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Date/Time 2/24/11 3:30 PM
Date 2/24/2011

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BILL NO. HB125

Analysis

HB125 moves the Alcoholic Beverage Control Board to the Department of Commerce, Community and Economic Development (DCCED) from the Department of Public Safety (DPS). This move will require onetime costs for resources to migrate the existing Written Orders and Licensing Application from the Department of Public Safety to the DCCED environment. In addition, additional resources will be necessary to align the ABC Board with the DCCED cost allocation plan for Commissioner's Office and Administrative Services support.

Ongoing support covered under the Administrative Services cost allocation plan includes costs for fiscal, information technology, budget, procurement and human resource assistance. Amongst other items, the allocation will pay for Administrative Services efforts on accounting for deposits, refunds, credit card and revenue reconciliations, and certification of auto-pays and bill payments, and travel processing.

Services include an increase of \$39.8 to cover the cost for administrative support in DCCED. This amount is net of the amount that DPS currently allocates to the ABC Board budget component of \$23.0 for Commissioner Office and Administrative support. In DPS, these components are primarily general funds which allow DPS to allocate out less of the comment costs. In contrast, in DCCED these components are primarily inter-agency funded which requires allocating the majority of the costs to the department agencies based on an approved cost allocation plan. This approved plan is based on both weighted positions and various levels of effort calculations for the services provided. Under DCCED, the total allocated costs to the ABC Board for Commissioner and Administrative Services is \$62.8; netting this amount against the current DPS budget allocation of \$23.0 results in an overall \$39.8 increase in allocated costs to the ABC Board within DCCED.

Services also include the onetime cost of \$188.7 for migrating two database applications to the DCCED environment. These costs are based on task order rates applied to projected hours. To function, database applications are wholly dependent upon the underlying support structure below it, including: the network as a whole, the individual hardware and software components, and memory chips. Database applications are hardware and software sensitive and are configured to work with the components that exist within the underlying support structure that exists in their environment. Preliminary discussions between DCCED and DPS technical and security staff have identified differences in security and the Active Directory environment these systems currently exist in.

DPS has a firewall that essentially walls off the department, and its systems, from the rest of the state. DPS has its own Active Directory (AD) system that is not integrated into the state system. The ABC Board applications are dependent upon the DPS AD system and an interface with Novell Access Manager System; neither of these exists within or is configured to work in DCCED's environment. The ABC applications allow liquor establishment clerks across the state to access the Written Order application through the AD; DCCED security environment does not parallel this model.

For security purposes and to meet industry best standards, DCCED's AD environment does not allow co-mingling of internal users with outside customer users. New underlying support models will need to be designed, developed and configured for integration into the DCCED environment. The ABC Board database applications "AD hooks" will need to be re-coded and re-pointed to the new models. To migrate to DCCED, the architecture must meet industry best practices and the state security standards under the Department of Administration Enterprise Technology. The migration to the DCCED environment will require analysis, planning, testing, remediation and implementation. In addition, existing deferred maintenance will need to be addressed as part of the migration to the new environment.

Capital Outlay includes a one-time increase of \$19.0 to replace equipment that is currently integrated into the DPS network.