

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version CSHB 125 (L&C)
 Fiscal Note Number _____
 () Publish Date _____

Identifier (file name) HB125-DCCED-ABC-02-17-12 Dept. Affected DCCED
 Title Alcoholic Beverage Control Board Appropriation Alcoholic Beverage Control Board
 Allocation Alcoholic Beverage Control Board
 Sponsor Legislative Budget and Audit
 Requester House Finance OMB Component Number 2690

Expenditures/Revenues (Thousands of Dollars)

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

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY13	FY13	FY14	FY15	FY16	FY17	FY18
Personal Services		1,142.1					
Travel		85.9					
Services	228.5	285.5					
Commodities		24.6					
Capital Outlay	19.0	0.1					
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	247.5	1,538.2	0.0	0.0	0.0	0.0	0.0

FUND SOURCE		(Thousands of Dollars)					
1002	Federal Receipts						
1003	GF Match						
1004	GF		0.4				
1005	GF/Prgm (DGF)	247.5	1,414.1				
1037	GF/MH (UGF)						
1007	I/A Rcpts (Other)		123.7				
TOTAL		247.5	1,538.2	0.0	0.0	0.0	0.0

POSITIONS							
Full-time		11					
Part-time							
Temporary							

CHANGE IN REVENUES							
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Estimated SUPPLEMENTAL (FY12) operating costs _____ (separate supplemental appropriation required,
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ (separate capital appropriation required,
 (discuss reasons and fund source(s) in analysis section)

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

This fiscal note was updated to reflect: the Governor's FY13 budget request for the ABC Board and the sunset of the Alcohol Beverage Control Board on June 30, 2012.

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Phone 465-2506
 Date/Time 2/17/12 11:00 AM
 Date 2/19/2012

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Analysis

HB 125 moves the Alcoholic Beverage Control (ABC) Board to the Department of Commerce, Community, and Economic Development (DCCED) from the Department of Public Safety (DPS). This move will require one-time costs for resources to migrate the existing Written Orders and Licensing Application from DPS 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 allocation plan includes costs for fiscal, information technology, budget, procurement, human resource assistance, and the Commissioner's office.

Services include an increase of \$39.8 to cover the administrative support costs in DCCED. This amount is net of the amount that DPS currently allocates to the ABC Board budget component for Commissioner Office and Administrative support. In DPS, these components are funded primarily by general fund which allows DPS to allocate less cost to their agencies. In contrast, in DCCED these components are primarily funded with inter-agency receipts which require that the majority of costs be allocated to the department agencies. DCCED has an approved cost allocation plan based on both weighted positions and various level 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 budgeted allocation results in a \$39.8 needed increase to ABC's current authorization.

Services also include the one-time cost (\$188.7) of migrating two database applications to the DCCED environment and re-integrating ABC Board staff access back into the DPS APSIN Case Management System. These costs are based on task order rates applied to projected hours. Migrating the database applications will entail an assessment of the application code itself and an analysis of the methodologies by which these applications were designed to operate within the DPS network, hardware, and application environments. Preliminary discussions between DCCED and DPS technical staff have identified differences in security implementations, database implementations, reporting generation platforms, network structures, Active Directory environments, and identity management methodologies for user accounts that these systems currently use. Modern applications are deeply tied into the multiple layers and components that comprise today's technology environments; separating an application from its current environment and transplanting it into another environment is possible, but can be quite complex because of these links.

By federal law, DPS is required to have additional security levels for its CJIS systems and part of that implementation is a separate active directory managed by DPS. The security models and implementations are different for DPS and DCCED. The ABC Board applications are dependent upon the DPS Active Directory system and an interface with Novell Access Manager System; neither of these exist or are configured to work within DCCED's environment. The ABC applications allow liquor establishment clerks across the state to access the Written Order application through the Active Directory; DCCED security environment does not parallel this model.

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 established by the Department of Administration Enterprise Technology Services division. The migration to the DCCED environment will require analysis, planning, testing, remediation and implementation. Hardware and software components will have to be purchased as these applications cannot be transferred with their supporting hardware platforms from DPS because of other DPS applications that rely on the same hardware infrastructure. Capital outlay includes a one-time increase to replace equipment that is currently integrated into the DPS network and will not be transferred to DCCED.