

# ALASKA STATE LEGISLATURE

## LEGISLATIVE BUDGET AND AUDIT COMMITTEE

### Division of Legislative Finance

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### MEMORANDUM

**DATE:** February 4, 2016

**TO:** Senator Pete Kelly, Senate Finance Co-Chair  
Senator Anna MacKinnon, Senate Finance Co-Chair  
Representative Mark Neuman, House Finance Co-Chair  
Representative Steve Thompson, House Finance Co-Chair

**FROM:** David Teal  
Director of Legislative Finance Division

**SUBJECT:** Agency responses to FY16 Legislative Intent Language

This memorandum restates FY16 legislative intent (*italics*) for each agency and provides agency responses (*indented*) to our request for status reports. Responses are broken into three groups. The first group contains responses from agencies indicating noncompliance and stating their reasons for noncompliance. The second group contains responses from agencies indicating a partial compliance with intent. The third group contains responses indicating that an agency has complied with legislative intent.

## Agencies in Partial Compliance (with Reasons for Partial Compliance)

### DEPARTMENT OF ADMINISTRATION

**Centralized Administrative Services/** Office of the Commissioner  
Operating Budgets (CCS HB 72 and CCS HB 2001)

*It is the intent of the legislature that, in FY2016, the Department of Administration implements the plan to consolidate statewide information technology services including IT procurement, IT support, IT contractual services and IT services currently performed by executive branch state employees. The stated goal of the plan is to improve services while reducing executive branch information technology spending. The legislature established a savings goal of approximately 30%--estimated to be \$67,000,000--over three fiscal years. It is the intent of the legislature that the Department of Administration submit a report to the House and Senate Finance Committees annually by January 15th, for the next three years, identifying in detail the path and tasks to achieve the total savings.*

*At the discretion of the Commissioner of Administration and to accomplish the mission (intent) of the Statewide 5 year Information Technology plan, a new cost-neutral appropriation will be created within the Department of Administration for the purpose of consolidating information technology procurement, information technology support and information technology contractual services that are currently being performed by executive branch agencies. The Director of the Office of Management and Budget shall authorize the transfer of funding associated with these services.*

The Department of Administration is in the formative stages of implementing of a multi-year plan to consolidate statewide technology services including IT procurement, IT support, IT contractual services and IT services currently performed by executive branch state employees. To date the following milestones have been achieved and projects are underway:

**Cross-Agency IT consolidation Initiated:** The initial phase of consolidation was launched in a collaborative effort with agency IT Managers that identified four cross-agency IT initiatives that were deemed most likely to deliver short and long term savings to the State. Those projects include:

**Rural Bandwidth Initiative:** A 3-phase project to deploy connectivity and LAN management services to 90 locations in Northern and Western Alaska. The project utilizes public broadband to replace local and long-haul services to reduce costs. As of December 1, approximately 36 of 50 Phase 1 sites had been completed, with phase 1 on target to be completed by March 2016.

**Mainframe /MFSI project:** Conducting a service improvement analysis and recommend the go-forward plan for what is likely a sun-setting enterprise service. A recommended go forward strategy is scheduled to be identified and presented by January 2016.

**Office 365:** Migration of existing local exchange platforms to cloud/hybrid solution to reduce the costs associated with email volume and storage. To date a central tenant has been designed and a migration plan for the Enterprise Vault (archive) email is being developed.

**Data Centers/Storage:** Inventory existing storage and data center capabilities and

identify agency requirements for future design to reduce overall data center and storage costs. This projects goal is to develop an agency baseline cost structure and business requirements for data centers and storage in order to more efficiently deploy resources going forward. Inventories are targeted for completion in December 2015.

IT Procurement Review: The Commissioner of Administration has piloted a process of reviewing executive branch IT purchases over \$25,000. Since November 1, purchases within the Department of Administration and Department of Transportation and Public Facilities have been under review with a target of rolling out an executive branch-wide process in January 2016.

Additionally, efforts are underway to review IT contractual spends by agencies that are currently decentralized to bring them under a statewide approach to purchasing in order to leverage state-wide volumes and improved terms and conditions. For example, an approach to purchasing Oracle software and services has been spearheaded to identify agency pockets of spend and bring about a consolidated approach to Oracle purchases.

Organizational update: The Commissioner is currently executing a recruitment strategy for a Chief Information Officer for the State. Planning has continued as to how to develop a centralized organization whose mission would be the delivery of IT commodity services in a centralized fashion.

**Legislative Fiscal Analyst Comment:** The Department of Administration is in the beginning stages of defining a plan to consolidate statewide information technology services. Since this is a 3-year work-in-progress, different projects are underway and the Department will restructure and review points along the continuum. The Commissioner is formulating a strategy to recruit a Chief Information Officer for the State, whose goal it will be to develop a final plan and delivery to meet this legislative intent. The Department is working to submit a preliminary report to the House and Senate Finance Committees this January.

## **DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT**

### **Corporations, Business and Professional Licensing Operating Budget (CCS HB 72)**

*It is the intent of the legislature that the Department of Commerce, Community and Economic Development set license fees approximately equal to the cost of regulation per AS 08.01.065(c). Further, it is the intent of the legislature that the Department of Commerce, Community and Economic Development annually submit, by November 1st, a six year report to the legislature in a template developed by Legislative Finance Division. The report is to include at least the following information for each licensing board: revenues from license fees; revenues from other sources; expenditures by line item, including separate reporting for investigative costs, administrative costs, departmental and other cost allocation plans; number of licensees; carryforward balance; and potential license fee changes based on statistical analysis.*