

HOUSE CS FOR CS FOR SENATE BILL NO. 33(STA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Offered: 4/28/99

Referred: Finance

Sponsor(s): SENATOR WARD

REPRESENTATIVE Kohring

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to contracts for the performance of certain state functions
2 previously performed by state employees and to the Commission on Privatization
3 and Delivery of Government Services; and providing for an effective date."

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * **Section 1. FINDINGS AND INTENT.** (a) The legislature finds that

6 (1) the annual cost of state government is exceeding the annual revenue of the
7 state;

8 (2) the State of Alaska, other states, and the federal government have
9 successfully and substantially reduced government spending and increased government
10 efficiency by contracting with third parties to perform particular state or government functions;

11 (3) there may be functions of our current state government that can be
12 performed more efficiently by any or all of the following entities:

13 (A) nongovernmental or private organizations;

14 (B) local government or regional service organizations;

1 (4) there may be functions that state government should not continue to
2 perform, but should leave to the federal government;

3 (5) there may be state government functions that should be consolidated or
4 otherwise performed more efficiently;

5 (6) there exist state government functions that would be inappropriate to
6 contract out to nongovernmental agencies;

7 (7) there may be functions of state government that should cease.

8 (b) The legislature finds it is in the best interest of the state to make a formal
9 determination of which state government functions can and should be transferred entirely to
10 private entities or to local government agencies and whether the state should stop performing
11 some functions for the federal government. The legislature also finds that it is in the best
12 interest of the state to determine which state government functions can be consolidated or
13 otherwise made more efficient.

14 (c) The legislature intends to make the determination set out in (b) of this section in
15 order to reduce dependency on state governmental revenues for the delivery of government
16 services.

17 * **Sec. 2.** AS 23.40.080 is amended by adding a new subsection to read:

18 (b) If the state is considering whether to enter a contract with an entity in the
19 private sector of the economy to perform a function previously performed by state
20 employees, the affected agency or department must prepare a written review of the
21 contract proposal setting out its benefits and detriments. The review must address the
22 factors of quality of service and cost effectiveness, and may include other factors. The
23 state shall consider the review before making its decision.

24 * **Sec. 3.** Nothing in secs. 2 of this Act terminates or modifies a collective bargaining
25 agreement in effect on the effective date of this Act.

26 * **Sec. 4.** COMMISSION ON PRIVATIZATION AND DELIVERY OF GOVERNMENT
27 SERVICES. (a) There is created in the legislative branch of the state government the
28 Commission on Privatization and Delivery of Government Services. The commission shall
29 consist of 11 members, as follows:

30 (1) two members appointed by the governor, one of whom shall be a
31 representative of the labor unions;

1 (2) one member of the senate appointed by the president of the senate who
2 shall serve as co-chair;

3 (3) one member of the house appointed by the speaker of the house who shall
4 serve as co-chair;

5 (4) one member appointed by the Alaska Municipal League;

6 (5) one member of the local boundary commission appointed by the local
7 boundary commission;

8 (6) two public members appointed by the president of the senate;

9 (7) two public members appointed by the speaker of the house;

10 (8) one member appointed by the Alaska State Chamber of Commerce.

11 (b) The commission may appoint an advisory council to assist it in carrying out its
12 duties.

13 * **Sec. 5. COMPENSATION.** (a) The public members of the Commission on Privatization
14 and Delivery of Government Services appointed under sec. 4 of this Act are not eligible for
15 compensation and only the public members appointed under sec. 4(a)(6) and (a)(7) are entitled
16 to per diem and travel expenses authorized for boards and commissions under AS 39.20.180.

17 (b) Members of the advisory council appointed under sec. 4(b) of this Act are not
18 eligible for compensation, per diem, or payment of travel or other expenses by the state.

19 * **Sec. 6. MEETINGS.** The Commission on Privatization and Delivery of Government
20 Services shall meet as frequently as the commission determines necessary to perform its work.
21 The commission may meet and vote by teleconference.

22 * **Sec. 7. DUTIES.** (a) The Commission on Privatization and Delivery of Government
23 Services shall

24 (1) review and evaluate the policies and recommendations of other states that
25 are studying or have implemented recommendations to transfer the provision of government
26 services to other entities;

27 (2) review state contracting policy and procedures, including competitive
28 bidding procedures;

29 (3) identify state government functions capable of more efficient performance
30 in the delivery of government services, and determine whether those identified functions could
31 most effectively be provided by

- 1 (A) transferring to the private sector or contracting out;
 2 (B) transferring to local governments or regional service organizations;
 3 (C) the federal government;
 4 (D) consolidation or other efficiency changes; or
 5 (E) a combination of the approaches under (A) - (D) of this paragraph;
 6 (4) identify state government functions that should be eliminated;
 7 (5) identify present state government services that are most effectively and
 8 efficiently delivered by the state and that should remain a responsibility of the state;
 9 (6) solicit public comment about the delivery of state government services.

10 (b) By January 1, 2000, the Commission on Privatization and Delivery of Government
 11 Services shall submit a written report of its findings and recommendations to the governor and
 12 the legislature. The report must include suggested legislation that may be needed to
 13 accomplish the recommendations. The report must specify which

- 14 (1) state functions should be transferred to the private sector or contracted out;
 15 (2) state functions should be transferred to local governments or regional
 16 service organizations;
 17 (3) state agencies or state functions should be consolidated or otherwise made
 18 more efficient;
 19 (4) state functions should be performed by the federal government;
 20 (5) state functions should be eliminated as functions of state government.

21 * **Sec. 8.** Sections 1 and 4 - 7 of this Act are repealed on January 1, 2000.

22 * **Sec. 9.** This Act takes effect immediately under AS 01.10.070(c).