

# FISCAL NOTE

**STATE OF ALASKA**  
**2002 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: HB 426  
 (H) Publish Date: 3/22/02

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: All  
 Title An act requiring state agencies to provide BRU All  
for electronic submission of forms Component All  
 Sponsor Rep. Lancaster  
 Requester House State Affairs Committee Component No. All

**Expenditures/Revenues (Thousands of Dollars)**

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>	<b>***</b>

Estimate of any current year (FY2002) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This bill would require all agencies to convert all paper forms used both internally and externally to electronic systems. State agencies have not counted every form in use; however, approximate estimates by selected departments indicate that there are at a minimum several thousand forms used by state agencies to conduct their operations.

A conservative estimate on converting a simple form to an online system is \$7,500 per application. DHSS has estimated it has over 800 forms; the estimated cost to convert these business processes to an online format is about \$6 million scheduled over a 6-year period.

(continued)

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 Division Information Technology Group Date/Time 3/18/02 4:26 PM  
 Approved by: Jim Duncan, Commissioner Date 3/18/2002  
 Agency Department of Administration

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BILL NO. HB 426 - FN#1

### ANALYSIS CONTINUATION

DOA has estimated roughly the same amount of forms, but at a higher cost because of the complexity of many of the business processes represented by these forms. Payroll, timesheets and procurement are business area examples of very complex functionality built into the forms currently used. Replacement of AKPAY, the state payroll system, would be a logical part of this transformation – estimated as potentially a multi year, ten - to 20 million dollar project.

Procurement, as another example, would require as a preliminary step making all online public notices interactive and secure via the web. In order to do this in the area of RFP's, digital signatures would have to be allocated to all businesses that want to respond to an RFP, an effort that would require infrastructure, end user education, end user and state employee training, and funding.

DOT estimates it has 1,500 to 1,800 forms – it would take a conservative \$13 million to convert these business processes.

Even if we estimated conservatively and went by DHSS's figures as guidelines, we estimate that there are at least 5,000 forms used in State government, with an estimated cost to implement that number of forms of \$37 million over a number of years. That would not include the more complex systems like AKPAY, which are key to making it possible to put many of these forms online.

Converting paper forms to electronic format can provide real improvements in efficiency and productivity, as well as modest savings in paper costs. However, in most cases, these efficiency improvements would primarily enable agencies to better absorb increasing workloads, rather than reducing staffing and personal services costs from current levels.

This bill provides exemptions if converting forms to electronic format would be "technically infeasible or fiscally irresponsible", based on an analysis of the life-cycle costs and benefits of the conversion. Conducting this type of analysis for thousands of forms and processing exemption requests would be very time consuming and would not be an effective use of state resources.

This legislation also would ban the distribution of printed annual reports by state agencies, with certain exceptions. This provision would likely result in some modest savings in printing costs; the exact amount is difficult to estimate.