

HOUSE FINANCE COMMITTEE  
April 03, 2001  
1:38 PM

TAPE HFC 01 - 70, Side A  
TAPE HFC 01 - 70, Side B  
TAPE HFC 01 - 71, Side A

CALL TO ORDER

Co-Chair Mulder called the House Finance Committee meeting to order at 1:38 PM.

MEMBERS PRESENT

Representative Eldon Mulder, Co-Chair  
Representative Bill Williams, Co-Chair  
Representative Con Bunde, Vice-Chair  
Representative Eric Croft  
Representative John Davies  
Representative Carl Moses  
Representative Richard Foster  
Representative John Harris  
Representative Bill Hudson  
Representative Ken Lancaster  
Representative Jim Whitaker

MEMBERS ABSENT

No members were absent.

ALSO PRESENT

Jim Duncan, Commissioner, Department of Administration;  
Larry Walsh, Director, Information Technology Group,  
Department of Administration; Bill Smith, Deputy  
Commissioner, Department of Public Safety; Kim Garner, CPA,  
Director, Division of Finance, Department of Administration;  
Joseph Reeves, Deputy Director, Division of Administration,  
Department of Corrections; Karen Morgan, Deputy Director,  
Information Technology Group, Department of Administration

PRESENT VIA TELECONFERENCE

There were no teleconference testifiers.

GENERAL SUBJECT(S):

#hb47

HB 47-APPROP: GOVERNOR'S CAPITAL BUDGET

Overview: Information Technology Projects

The following overview was taken in log note format. Tapes and handouts will be on file with the House Finance Committee through the 22nd Legislative Session, contact 465-

2156. After the 22nd Legislative Session they will be available through the Legislative Library at 465-3808.

LOG	SPEAKER	DISCUSSION
	TAPE HFC 00 - 70 SIDE A	
		INFORMATION TECHNOLOGY PROJECTS
100	JIM DUNCAN, COMMISSIONER, DEPARTMENT OF ADMINISTRATION	Discussed the review process. The Telecommunication Information Council (TIC) was created 1987 and is comprised of the Lieutenant Governor, Commissioners, Director of the Office of Management and Budget, two members of the legislature, a member of the University of Alaska and a public member. Their duties are to establish guidelines and prepare a short and long-range information systems plan, establish guidelines and direct state agencies to develop agency information system plans and establish guidelines for accessing information by the public. The Lieutenant Governor appoints a TIC policy group, which meets on a monthly basis. He reviewed the membership of the TIC policy group. A Technical Advisory Committee (TAC) is composed of the chief technical representative of each agency. The TIC policy group did the overall review.
432	Commissioner Duncan	The TIC put forward initiatives used in the review. One was to continue to use the Internet to service the state's external customers and improve internal state operations. Alaska is one of the leading states in moving transactions to the Internet. The state is also moving to digital democracy and to evolve emergency communication plans. He noted that service in rural Alaska needs improvement.
599	Commissioner Duncan	Top priority projects were selected and referred to the TAC for review and debate from a technical viewpoint. The Information Technology Group (ITG) also reviewed the impact of state network and mainframe computer infrastructure.
689	Co-Chair Williams	Questioned if the (Telecommunications) RFP was discussed by the TIC.
701	Commissioner Duncan	Noted that the RFP was discussed separately. A request for telecommunications services was issued in August. There were three respondents. They are currently evaluating the

		respondents and hope to award by August 1, 2001. Further explained that the projects in the current request would be needed with or without the RFP with a private vendor.
638	LARRY WALSH, DIRECTOR, INFORMATION TECHNOLOGY GROUP, DEPARTMENT OF ADMINISTRATION	Noted that the TAC discussed problems with projects in an attempt to assist. Look at the ability to deliver to rural areas. Discussions occur regarding using central solutions to problems as opposed to reinventing the wheel. Pilot projects were discussed, which would allow other agencies to utilize experience.
988	Commissioner Duncan	Clarified that a contract would not reduce the need for the requested projects or reduce their cost.
		EMERGENCY COMMUNICATION CAPITAL PROJECTS
1108	BILL SMITH, DEPUTY COMMISSIONER, DEPARTMENT OF PUBLIC SAFETY AND CHAIRMAN, EMERGENCY COMMUNICATION TASK FORCE	Noted that the Emergency Communication Task Force prioritized the emergency communication capital projects. Four projects were recommended. He discussed the first priority: Emergency Communications Southeast Upgrade, Department of Public Safety. The request would provide general law enforcement communications traffic.
1221	Mr. Smith	The cost would be \$400 thousand dollars. This is the number one priority due to the lack of existing infrastructure and is consistent with the Emergency Communications: Land Mobile Radio Migration project.
1389	Representative Croft	Observed that the project contains \$50 thousand dollars in Oil and Hazardous Substance Prevention and Release funds.
1412	Mr. Smith	Explained that Oil and Hazardous Substance Prevention and Release funds were used because the system would be used in the case of an oil spill.
1455	Mr. Smith	The Marine Highway would use the communications in an emergency situation.
1460	Mr. Smith	Discussed the Emergency Communications, Land Mobile Radio Migration request. He observed that the project has had state involvement since 1995. There is a federal mandate to move to migrate to 12.5 megahertz. He noted the difficulty of communicating among entities in the time of an emergency. The new system would allow multiple agencies or entities to communicate. Wide band radios will not be available. He noted that portions of Western Alaska do not have the

		infrastructure. However, portable units could be deployed.
1789	Mr. Smith	Discussed system design from a study in the lower 48. The request would give the state the initial step to begin the transition.
1837	Representative Hudson	Questioned if the federal money would go to the state for the acquisition of equipment.
1859	Mr. Smith	Noted that it would go to the state for state and municipal use. There is an additional \$7 million dollars flowing to participating federal agencies. Federal agencies are mandated to transition by 2005.
1925	Representative Croft	Summarized that it makes sense for the state to move in the same direction.
1939	Mr. Smith	Added that the wide band equipment will no longer be available. He discussed the LAN system.
1959	Mr. Walsh	Explained that it is similar to a cellular phone system. Instead of each entity using its individual stove pipe they would share the same core.
1984	Representative Croft	The request anticipates another \$28 million dollars in future appropriations.
2017	Mr. Smith	Noted that the system will cost more than the \$16 million dollars contained in the request. The system analysis is prepared.
2035	Representative Croft	Questioned if the state leverage would be similar.
2044	MR. Smith	Stated that the same leverage would be pursued.
2066	KAREN MORGAN, DEPUTY DIRECTOR, INFORMATION TECHNOLOGY GROUP, DEPARTMENT OF ADMINISTRATION	Responded that the state is hopeful that future funding would be upcoming. Discussions have occurred with Senator Stevens' office. The state of Alaska is ahead of other states. The state of Alaska's design involved federal, municipal and state agencies. She felt that the prospects of future funding are good. There are a number of grant sources. The Military and Veterans Affairs funding jump-starts the process. The state portion would be a compliment.
2193	Mr. Smith	Clarified that there is no federal mandate that the state transfer, however the manufacture of the old technology is expected to stop. He stressed the opportunities to the state.
2227	Representative Hudson	Acknowledged the opportunity to upgrade the technology and utilize federal

		resources to establish the project. He questioned if there is an offset of the new system in addition to efficiency.
2270	Ms. Morgan	Thought that there would be some savings.
2319	Representative Hudson	Spoke in support of the request. He emphasized the improvement of technology in saving lives and stated that a showing of fiscal savings would benefit the project.
2353	Representative Lancaster	Asked how many agencies would use the system and if there is any salvage value in the current system.
2368	Mr. Smith	Noted that the current sites would be utilized. Most of the radio equipment would be replaced.
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14	Mr. Smith	He estimated that there would be 100 entities using the system: 40 - 50 municipalities, federal agencies, state of Alaska.
142	MARK JOHNSON, MEDICAL HEALTH	Discussed the Emergency Communications: Emergency Medical Services in the Department of Health and Social Services. He noted that there are problems with the existing equipment. Local Satellite phones have been used. The request focuses on volunteer services around the state. The U.S. Department of Agriculture, USDA can be used as a partial funding source.
442	Representative Croft	Noted that a six-year funding need is a total of \$2 million dollars. He questioned why the federal grant hasn't lowered the six-year total.
488	Mr. Johnson	Explained that the department has just begun work with the federal government and noted that the projection would be updated, as more information is available. Observed that ¾ of a million has been spent in the prior 3 years. The first phase of the project is the Rail Belt. This request focuses out of this area.
601	Mr. Johnson	Explained that the LAN project page 18 is a digital trunking system for multiple agencies. It will take longer to expand the system to the rural areas (if there are ever all covered).
711	Representative Croft	Questioned if this project and the LAN together would cover the entire state.
730	Mr. Johnson	Responded that the intent is to cover the

		entire state between the two.
875	NICO BUS, ADMINISTRATIVE SERVICES MANAGER, DIVISION OF SUPPORT SERVICES, DEPARTMENT OF NATURAL RESOURCES;	Discussed the Emergency Communications: Rescue Coordination Equipment Replacement request. He noted that it would relocate to optimal locations the Military and Veterans Affairs antenna. The cost is \$56.7 thousand dollars. The request would also upgrade the radio equipment to the new technology.
994	Representative Croft	Questioned if the equipment is compatible with the other projects.
1038	Mr. Bus	Noted that the project would only transfer the receiver. It would not be part of the LAN system immediately.
1086	Representative Hudson	Questioned why Oil and Hazardous Substance Prevention and Release funds are not being used for the project.
1100	Mr. Bus	Explained that the Oil and Hazardous Substance Prevention and Release funds are for specific projects. He stated he would check into the possibility.
	KIM GARNERO, CPA, DIRECTOR, DIVISION OF FINANCE, DEPARTMENT OF ADMINISTRATION	Discussed the Payroll and Accounting System Replacement Analysis \$400.0 Capital Project Request.
	Ms. Garnero	The Division of Finance operates and maintains two large mainframe computer applications that serve all state departments except for the University: <ul style="list-style-type: none"> <li>• AKSAS provides statewide accounting and disbursement services</li> <li>• AKPAY provides statewide payroll services</li> </ul>
	Ms. Garnero	Observed that both of these systems are highly customized: <ul style="list-style-type: none"> <li>• AKSAS was built specifically for the state by a professional accounting firm</li> <li>• AKPAY is a vendor supplied product that was substantially modified to meet our needs.</li> </ul>
1192	Ms. Garnero	Both are mature from a system development life cycle standpoint: <ul style="list-style-type: none"> <li>• AKSAS is 16 years old</li> <li>• AKPAY is 11 years old</li> </ul> They are having difficulty-attracting employees and are starting to see signs that the environment in which they operate may become unstable over the next several years. Both systems currently run under ADABAS database management software.

1237	Ms. Garnero	<p>The payroll software vendor has officially notified the state that their product will no longer support ADABAS after 2002.</p> <p>Inquiries to the ADABAS vendor noted that few new copies of this product are being sold. This type of situation generally does not bode well for the long-term future of software products.</p>
1264	Ms. Garnero	<p>The short-term solution will be to convert the payroll system to another database product: DB2. This is a major conversion project that would begin next year. It will take training for Finance staff and the help of ITG to accomplish.</p> <p>Emphasized the need to start planning for replacement of both of these aging mainframe systems. The current technology for accounting and payroll functions is integrated modules within an Enterprise Resource Planning System. Examples of this type of software include Peoplesoft, SAP, and Oracle Financials.</p>
1300	Ms. Garnero	<p>Integration provides opportunity for streamlining processes in cross-functional areas such as accounting, payroll and human resources. The days of standalone, single function administrative systems are numbered for large, complex organizations. This is why we are requesting the money to look at these existing systems holistically and strategically plan for their coordinated replacement.</p>
1317	Representative Croft	<p>Questioned why the state doesn't go straight to Oracle.</p>
1359	Ms. Garnero	<p>Responded that the cost would be too great.</p>
1439	Ms. Garnero	<p>In response to a question by Representative Whitaker, observed that a RFP and study would take no more than 2 years.</p>
1463	Representative Whitaker	<p>Noted that the system would be well over 20 years old.</p>
1477	Ms. Garnero	<p>Observed that change is driven by both the system technology and the experience of the analyst.</p>
1523	Representative Whitaker	<p>Stressed that the system needs to be updated.</p>
1533	Representative Hudson	<p>Spoke to the salary structure.</p>

1566	Ms. Garnero	Commented that the salary schedule has been dropping off. The people that know the technology that is being run are not young people.
1603	Representative Hudson	Commented that when the system starts collapsing there will be problems throughout the state.
1623	Co-Chair Williams	Recommended leasing equipment rather than purchasing in order to keep up with the times.
1646	Mr. Walsh	Noted that the study would help to determine what the best way would be to help the Department.
1665	Ms. Garnero	Noted that the accounting system is old and it is functional. There are recording systems that cause problems for the Division.
1700	Co-Chair Williams	Suggested that the State should keep updated with the changes. He asked if there was a company that could help with that concern.
1730	Ms. Garnero	Noted that there are many users of the systems. Stability is difficult and constant change would run counter productive.
1755	Representative Croft	Acknowledged that leasing was a good option, the application would still need to be written. He spoke to data storage.
1777	Representative Hudson	Noted that this was a major element for the University also. He wondered if the systems would be interchangeable.
1801	Mr. Walsh	Stated that the University and the Division work closely.
1828	Mr. Walsh	Commented that there has been a revised IT plan for the State. That will be available for review in the early fall.
1865	Co-Chair Williams	Asked if all the requests would be for the short term.
1873	Mr. Walsh	Said no. Many agencies are facing the same challenges.
1892	Mr. Walsh	ARCS Video Automation and Control Project
1907	Ms. Morgan	Noted that the project would automate some of the switching equipment, which currently happens manually. The funding would be used to purchase a computer based video/audio automation system that will enable ARCS to receive video programs.
1966	Mr. Walsh	Electronic Signatures Project - noted that the fund would be used to purchase hardware, software and provide staff to evaluate and pilot the technology.

2027	Representative John Davies	Asked if there was a specific agency that would be using the project.
2040	Mr. Walsh	Replied that there are several agencies that have expressed interest. The Department of Natural Resources and the Department of Commerce have both expressed interest.
2081	Mr. Walsh	Discussed the Mainframe Improvements, Equipment Replacement, Virus Scanning, and Metadirectory Development request. He explained that the funding would be used to purchase the highest priority equipment, including hardware and software to meet anticipated customer demand.
2144	Co-Chair Williams	Asked if there were manufacturers working on the project.
2157	Mr. Walsh	Replied that some are. Many states are partnering up with key providers.
2174	Mr. Walsh	Reviewed the Upgrade Internet and Intranet, and Implement Network Technology request. He noted that the project would combine circuits for voice and data traffic by making use of voice over internet protocol technology.
		<b>DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT</b>
2256	TERRY ELDER, DIRECTOR, BANKINGS SECURITIES AND CORPORATIONS, DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT	Discussed the Securities Database request. He emphasized that the database affects how files are processed. The Database is a WANG database converted to ORACLE and is close to 20 years old. Clerical staff has to retype data multiple times. It also has limited uses.
2366	Mr. Elder	He discussed the deficiencies of the current database.
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10	Mr. Elder	Continue discussing the deficiencies of the current database. He noted it would be difficult to develop the database in-house. There is one programmer. The Department can purchase a database. He concluded that it would be more expensive to develop a new database. There are some existing databases that could be purchased. An analyst was included in the operating budget to assist with the project. He stressed that the request is reasonable.
448	Representative Croft	Questioned if \$300 thousand dollars were sufficient for the purchase.

464	Mr. Elder	Affirmed that the database could be purchased for the requested amount.
		<b>DEPARTMENT OF CORRECTIONS</b>
495	JOSEPH REEVES, DEPUTY DIRECTOR, DIVISION OF ADMINISTRATION, DEPARTMENT OF CORRECTIONS	Reviewed the Criminal Justice Management Information's System Replacement request. The program replacement request was begun in Nov. 1991.
846	Mr. Reeves	Noted that there are 1,200 data elements. The request would complete the last 10 percent of the project. He acknowledged that the request would not end the department's need for database funding.
923	Mr. Reeves	Discussed the Computer Network Hardware Replacement Upgrade request. He observed that 34 sites are connected. Hardware needs to be changed every 5 years.
		<b>DEPARTMENT OF FISH AND GAME</b>
1056	Mary McDowell, Commissioner, Commercial Fisheries Entry Commission	Discussed the Commercial Fisheries Entry Commission Permit and Vessel Licensing request. The request would be funded through fees. The goal is to backup the system to prevent disaster in case of a failure and to upgrade.
1177		<b>DEPARTMENT OF NATURAL RESOURCES</b>
	Mr. Bus	Discussed the Land Use Data Base System for Industry and Public Access request. He noted that the system is old and land records are now available on line. Access is limited due to the antiquity of the system.
	<u>ADJOURNMENT</u>	The meeting was adjourned at 3:35 p.m.

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