

**ALASKA STATE LEGISLATURE**  
**HOUSE STATE AFFAIRS STANDING COMMITTEE**

March 21, 2002

8:04 a.m.

**MEMBERS PRESENT**

Representative John Coghill, Chair  
Representative Jeannette James  
Representative Hugh Fate  
Representative Gary Stevens  
Representative Peggy Wilson  
Representative Harry Crawford  
Representative Joe Hayes

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

SENATE CONCURRENT RESOLUTION NO. 23

Relating to declaring April 6, 2002, as Alaska Tartan Day.

- MOVED SCR 23 OUT OF COMMITTEE

HOUSE BILL NO. 426

"An Act requiring state agencies to provide for electronic submission of forms and relating to annual reports of state agencies."

- MOVED HB 426 OUT OF COMMITTEE

SENATE BILL NO. 297

"An Act moving employees of the Alaska mental health trust land unit of the Department of Natural Resources from the partially exempt service to the exempt service."

- MOVED SB 297 OUT OF COMMITTEE

HOUSE BILL NO. 315

"An Act requiring a single insurance provider for all state employees and allowing small employers to join as a group; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

HOUSE BILL NO. 397

"An Act exempting a person driving a snowmobile from driver licensing requirements."

- SCHEDULED BUT NOT HEARD

HOUSE BILL NO. 483

"An Act authorizing state procurement of group insurance for employees of child care facilities, entities licensed as residential child care facilities, child placement agencies, foster homes, and maternity houses, and certain adult residential and day services providers, and for employees of certain nonprofit entities; repealing a provision of the state group insurance procurement law relating to payment of dividends and clarifying a provision of that law relating to part-time employees; authorizing the commissioner of administration to adopt regulations regarding state procurement of group insurance; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

**PREVIOUS ACTION**

BILL: SCR 23

SHORT TITLE:ALASKA TARTAN DAY

SPONSOR(S): SENATOR(S) PHILLIPS

Jrn-Date	Jrn-Page		Action
02/01/02	2083	(S)	READ THE FIRST TIME - REFERRALS
02/01/02	2083	(S)	STA
02/19/02		(S)	STA AT 3:30 PM BELTZ 211
02/19/02		(S)	Moved Out of Committee MINUTE(STA)
02/20/02	2258	(S)	STA RPT 3DP
02/20/02	2258	(S)	DP: THERRIAULT, PHILLIPS, STEVENS
02/20/02	2258	(S)	FN1: ZERO(S.STA)
02/21/02		(S)	RLS AT 11:00 AM FAHRENKAMP 203
02/21/02		(S)	-- Meeting Postponed to 2/22/02 --
02/22/02		(S)	RLS AT 10:30 AM FAHRENKAMP 203
02/22/02		(S)	MINUTE(RLS)
02/25/02	2299	(S)	RULES TO CALENDAR 2/25/02

02/25/02	2301	(S)	HELD TO 2/27 CALENDAR
02/27/02	2322	(S)	READ THE SECOND TIME
02/27/02	2322	(S)	PASSED Y19 N- A1
02/27/02	2322	(S)	COSPONSOR(S): TAYLOR, GREEN, STEVENS,
02/27/02	2322	(S)	WARD
02/27/02	2326	(S)	TRANSMITTED TO (H)
02/27/02	2326	(S)	VERSION: SCR 23
03/01/02	2426	(H)	READ THE FIRST TIME - REFERRALS
03/01/02	2426	(H)	STA
03/21/02		(H)	STA AT 8:00 AM CAPITOL 102

BILL: HB 426

SHORT TITLE: STATE AGENCY REPORTS/ELECTRONIC FORMS  
SPONSOR(S): REPRESENTATIVE(S) LANCASTER

Jrn-Date	Jrn-Page		Action
02/13/02	2246	(H)	READ THE FIRST TIME - REFERRALS
02/13/02	2246	(H)	STA
03/19/02		(H)	STA AT 8:00 AM CAPITOL 102
03/19/02		(H)	Scheduled But Not Heard
03/21/02		(H)	STA AT 8:00 AM CAPITOL 102

BILL: SB 297

SHORT TITLE: MENTAL HEALTH TRUST LAND UNIT EMPLOYEES  
SPONSOR(S): SENATOR(S) WILKEN

Jrn-Date	Jrn-Page		Action
02/19/02	2227	(S)	READ THE FIRST TIME - REFERRALS
02/19/02	2228	(S)	STA
02/28/02		(S)	STA AT 3:30 PM BELTZ 211
02/28/02		(S)	Moved Out of Committee MINUTE(STA)
03/01/02	2339	(S)	DP: THERRIAULT, PHILLIPS, STEVENS,
03/01/02	2339	(S)	DAVIS
03/01/02	2339	(S)	FN1: ZERO(DNR)
03/01/02	2339	(S)	STA RPT 4DP
03/05/02		(S)	RLS AT 10:00 AM FAHRENKAMP 203
03/05/02		(S)	MINUTE(RLS)
03/06/02	2393	(S)	VERSION: SB 297
03/06/02	2390	(S)	READ THE SECOND TIME
03/06/02	2390	(S)	ADVANCED TO THIRD READING

			UNAN CONSENT
03/06/02	2390	(S)	READ THE THIRD TIME SB 297
03/06/02	2390	(S)	PASSED Y17 N- E2 A1
03/06/02	2393	(S)	TRANSMITTED TO (H)
03/06/02	2388	(S)	RULES TO CALENDAR 3/6/02
03/15/02	2538	(H)	READ THE FIRST TIME - REFERRALS
03/15/02	2538	(H)	STA
03/19/02		(H)	STA AT 8:00 AM CAPITOL 102
03/19/02		(H)	Scheduled But Not Heard
03/21/02		(H)	STA AT 8:00 AM CAPITOL 102

**WITNESS REGISTER**

PHELAN STRAUBE, Staff  
to Senator Randy Phillips  
Alaska State Legislature  
Capitol Building, Room 103  
Juneau, Alaska 99801

POSITION STATEMENT: Testified regarding SCR 23, on behalf of the sponsor.

REPRESENTATIVE KEN LANCASTER  
Alaska State Legislature  
Capitol Building, Room 421  
Juneau, Alaska 99801

POSITION STATEMENT: Testified as sponsor of HB 426.

JUSTIN CARRO, Intern  
to Representative Lancaster  
Alaska State Legislature  
Capitol Building, Room 421  
Juneau, Alaska 99801

POSITION STATEMENT: Testified on behalf of the sponsor regarding HB 426.

JACK KREINHEDER, Chief Analyst  
Office of the Director  
Office of Management & Budget  
Office of the Governor  
PO Box 110020

Juneau, Alaska 99811-0020

POSITION STATEMENT: Answered questions on behalf of the administration in support of the overall goal of supporting paper forms to electronic forms, in regard to HB 426.

ANDY KLEIN

Information Technology Group (ITG)  
Department of Administration  
PO Box 110206  
Juneau, Alaska 99811-0206  
POSITION STATEMENT: Answered questions regarding HB 426.

TIM LAMKIN, Staff  
to Senator Gary Wilken  
Alaska State Legislature  
Capitol Building, Room 514  
Juneau, Alaska 99801  
POSITION STATEMENT: Testified on behalf of the sponsor  
regarding SB 297.

**ACTION NARRATIVE**

TAPE 02-30, SIDE A  
Number 0001

CHAIR JOHN COGHILL called the House State Affairs Standing Committee meeting to order at 8:04 a.m. Representatives James, Fate, Stevens, Wilson, and Coghill were present at the call to order. Representatives Crawford and Hayes arrived as the meeting was in progress.

SCR 23-ALASKA TARTAN DAY

Number 0260

CHAIR COGHILL announced that the first order of business was SENATE CONCURRENT RESOLUTION NO. 23, Relating to declaring April 6, 2002, as Alaska Tartan Day.

Number 0273

PHELAN STRAUBE, Staff to Senator Randy Phillips, Alaska State Legislature, testified on behalf of the sponsor of SCR 23, who was out of town.

CHAIR COGHILL said [the subject] was straightforward and asked Mr. Straube if he would explain the reason for the resolution.

Number 0323

MR. STRAUBE told the committee that this proposed resolution seeks to honor Americans with Scottish decent in Alaska, [by declaring] April 6, 2002 as "Tartan Day." He noted that April 6

is significant to people of Scottish decent; it is the day that the Scottish declaration of independence was signed. Mr. Straube said many people believe that the framers of the United States Constitution took the Scottish declaration of independence "into consideration."

MR. STRAUBE told the committee that, basically, the resolution requests that the governor proclaim April 6, 2002 as "Alaska Tartan Day." He indicated that there is an accompanying zero fiscal note.

Number 0402

CHAIR COGHILL noted that [the sponsor] had listed [those legislators] with Scottish decent [available in the committee packet].

Number 0460

REPRESENTATIVE JAMES noted that her name appeared on the list because of her husband, whose parents were both of Scottish decent.

CHAIR COGHILL said there is a celebration in Anchorage - "the highland group puts together a pretty good-sized shindig." This resolution requests the governor to have a proclamation read at that gathering.

Number 0518

MR. STRAUBE noted that this summer, in Eagle River, the Alaska Highland Games will again take place, an event which is popular with locals and tourists, alike.

Number 0526

REPRESENTATIVE JAMES moved to report SCR 23 out of committee with individual recommendations and the accompanying zero fiscal note.

REPRESENTATIVE FATE objected to point out that his name was not included on the aforementioned list, then removed his objection. He announced, "I want you to know that I have the Macbeth tartan."

Number 0586

CHAIR COGHILL thanked Mr. Straube for bringing this resolution before the committee. He said he thought he had "spoke to this on the floor last time," and would welcome the privilege to do so again. [There being no objection, SCR 23 was reported from the House State Affairs Standing Committee.]

HB 426-STATE AGENCY REPORTS/ELECTRONIC FORMS

Number 0643

CHAIR COGHILL announced that the next order of business was HOUSE BILL NO. 426, "An Act requiring state agencies to provide for electronic submission of forms and relating to annual reports of state agencies."

Number 0660

REPRESENTATIVE KEN LANCASTER, Alaska State Legislature, noted that his intern, Justin Carro worked on HB 426, as a project of his class at [the University of Alaska, Southeast]. He stated that he agrees with the attempt to "get the submissions for forms onto the computer and save time, and trees, and money, hopefully, in the end, regardless of what the attached fiscal note may show, or represent." He reminded the committee that this has been done in many departments already; it is not new to [the system], but is a more formal way to approach it.

Number 0790

REPRESENTATIVE LANCASTER stated that eliminating government waste is probably the single-most important issue that legislators are charged to deal with. Alaskans "from all walks of life" are concerned with government inefficiency, he said. He defined the bill as, essentially, an efficiency and cost-saving measure. Many departments have already established electronic forms. He indicated programs that have repeatedly shown the savings associated with the use of technology. For example, he noted that the Department of Fish & Game has installed a program for their permits, which costs \$90,000 "for set-up," which saves the department \$87,000, annually.

Number 0800

REPRESENTATIVE LANCASTER said, "In these times of critical fiscal situations we must do what we can to eliminate waste from the system. It is this type of 'fat trimming' that the public desires and expects." He expressed that, in all fairness,

[legislators] cannot claim to be caretakers of the state, determining what is fiscally right, and expect the people of the state to give up their dividends and pay taxes, when measures like this are not put into place to save government waste.

REPRESENTATIVE LANCASTER concluded that this [proposed] legislation is designed "to not only save us money." Indicating the attached fiscal note, he added: "We were supposed to hear this, I think, a couple of days ago at eight in the morning, and I got this at 7:30 the evening before."

Number 0825

CHAIR COGHILL said the bill did carry a significant fiscal note.

Number 0831

REPRESENTATIVE WILSON offered an "indirect comment." She said she was appalled and referenced the first page of the fiscal note [from the Department of Administration, dated 3/18/2002], which read as follows:

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.

REPRESENTATIVE WILSON said, "If they've got that many, then they better start figuring out how they can combine some of it."

Number 0873

REPRESENTATIVE JAMES said she would like to "piggyback" on Representative Wilson's comment. She stated that it is absolutely true that working with Alaska state government is the most difficult thing to do. She said this bill would not change that. The way to do so, she described, is to have an administration willing to look for "efficiencies" and willing to battle with the union "on the rejection of the number of jobs." She indicated that she understands that it is a big battle, but "if we're ever going to get our fiscal house in order, we need to go there."

REPRESENTATIVE JAMES said she supports HB 426 and thinks it is embarrassing that it is necessary at all. She noted that she

discounts the fiscal note, and she referred to language on the [second] page of the fiscal note, which read as follows:

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.

REPRESENTATIVE JAMES, in conclusion, stated that she supports HB 426 and is not scared of the fiscal note; the House Finance Standing Committee can decide what happens to it.

Number 1000

REPRESENTATIVE STEVENS noted that the fiscal note includes the word "paperless" and asked Representative Lancaster if he was "talking about paperless systems here."

Number 1050

REPRESENTATIVE LANCASTER answered that, in some cases, there would be paperless transactions, since much of the information could be saved to disks. He mentioned his real estate broker closing transactions with electronic signatures.

Number 1089

REPRESENTATIVE JAMES noted that this certainly would [bring about] a paper reduction, and a postage reduction, and perhaps gasoline reduction. She said, "We're going to be going there, whether we put a piece of legislation forward, or not. And this just gives it a little nudge, I believe." Necessary transactions can be kept on disk, she added.

Number 1151

REPRESENTATIVE JAMES recounted a story of "when she first came here" in 1993 and she witnessed the use of Xerox machines and boxes for recycling and thought that it was really ridiculous that so much paper was used. She proffered that in the future, [legislators] may have computers in front of them and, when an amendment is offered during a hearing, they would be able to look at it, without having to receive a printed copy.

Number 1200

REPRESENTATIVE JAMES mentioned meeting an "insurance person" while she was running [for office] in 1992, who told her that, in order to get his license, he had to have 11 original notarized copies. She indicated that she had objected and had surmised that one original copy would have sufficed, with notice via computer that it was available. She said, "Did I get anywhere on that? No, [I] didn't."

Number 1248

REPRESENTATIVE JAMES noted that people, in general, are resistant to change and, specifically, all administrations are going to be resistant to change. She told the committee that her father and her maternal grandmother informed her early in life that "if you're going to be successful in this life, you need to be on the cusp of change, and know what change is going to be, before you get there."

Number 1275

REPRESENTATIVE LANCASTER pointed out that the problem, particularly with the fiscal note, is that [the Department of Administration] had no discussion with his office and the fiscal note showed up on the computer late on the evening before [the bill was to be heard]. He said he thinks what is seen in the state departments - which he credited Representative James for having alluded to - is that every department and division is working separately from the other, "like they're in a whole different world."

CHAIR COGHILL said he supposed that the legislature has witnessed that, because it deals with so many [departments].

Number 1320

REPRESENTATIVE FATE commented that this is a good bill and he felt compelled to "piggyback" on the previous remarks of Representative James. He said, "We're looking for, not only efficiencies, but we're looking into entering into an area that is amenable to missions and measures, for example." He indicated that the move to that area was already underway. For example, he noted that [each legislator] had received an iPAQ [handheld computer]. He said this [proposed legislation] "facilitates going into that area, without anything being

hidden." Representative Fate warned: "If we do this piecemeal and don't have this type of legislation, it's so easy to hide personnel, or equipment, or anything else in ... either other pieces of legislation, or just, in their own budget." He mentioned Representative James's comments about the paper reduction. He concluded: "I don't see how they came up with this fiscal note, especially since we have language in here that guards, really, against it."

Number 1407

CHAIR COGHILL commented that he would like to get to that language.

Number 1410

REPRESENTATIVE JAMES said that there is a resistance by "this administration," partly because the people who are resisting are the people who are connected to the paycheck. She said the public is continually incensed when "they see the employees doing something that is not really productive at that time." Regarding the private sector, Representative James said that the oil industry, for example, has recently taken a look at its issues [regarding redundancy and efficiency]. Because that industry's spending was more than its revenue, it laid people off, which is not something that happens "in the state," for many reasons, she noted. Furthermore, "If you do lay the people off, you lay off the people who are doing the work that everybody sees, not the work that nobody sees."

REPRESENTATIVE JAMES asked: "Do we want to go in this direction?" She stated her belief that "we" can be more effective, over the long term, at less cost. She spoke of people getting a reasonable wage for the work they do, rather than working under what she considers to be a living wage.

Number 1520

REPRESENTATIVE STEVENS stated his belief that it is inevitable that "we are moving toward this," and that it is wise to move [the proposed legislation] ahead. He recalled when he used to work at the university and people were "thrown into turmoil" when they received a form that could not be done on the computer, and they had to find a typewriter. He said that he is pleased to be moving ahead with [the proposed legislation] and that it appears that the fiscal note was just "throwing some sand in the gears and slowing things down."

CHAIR COGHILL said he did not know that it was throwing sand in the gears. Rather, it was probably "lifting the discussion."

REPRESENTATIVE JAMES said that she had spoken with a person who works for the state and was questioning why it was necessary to have a Xerox machine in every office. Representative James suggested that if printers were used instead, the expensive Xerox machines could be omitted.

Number 1580

REPRESENTATIVE LANCASTER said that it is important to note that the Department of Fish & Game will be saving [the state] an incredible amount of money, now that its system is in place. He said, "Once we get these in place, the administration, hopefully, will change their attitude and receptiveness to something like this. Nobody's trying to shove this down their throat - we're trying to send a message."

Number 1660

CHAIR COGHILL noted for the record that Representative Hayes had joined the meeting in progress. He mentioned "fiscally irresponsible" and "technically infeasible" and asked Representative Lancaster to explain how he came to that wording. He said, "'Now you can't do that' needs to be answered."

REPRESENTATIVE LANCASTER deferred the question to his intern.

Number 1650

JUSTIN CARRO, Intern to Representative Lancaster, Alaska State Legislature, explained as follows: "The reason we didn't define that is because I'm not a computer genius either." He said the people in the Department of Administration were put in charge of giving the exemptions and, hopefully, they will put the ITG group in charge, because it is knowledgeable about computers.

CHAIR COGHILL surmised: "Certainly, given some of the question marks that we might have on this administration, certainly they have come up with some protocol of what's feasible, or what's not feasible. It would be kind of interesting for me, as a committee man, to see what they're thinking about when they say that."

Number 1702

MR. CARRO said blueprints, for example, would be difficult to submit online. He mentioned a catchall for those types of things and anything unforeseen regarding [not] being able to read [forms or other documents] on a computer.

Number 1723

REPRESENTATIVE LANCASTER indicated that the previous mention of DEC triggered his brain. He said he thinks the two go together - the "fiscally" and the "technically". They may flow together at some point, he added.

Number 1749

CHAIR COGHILL said there has to be that safety valve. He told [the sponsor] that he described what was fiscally responsible fairly well in this, while [the subject of "fiscally irresponsible"] was "left dangling."

Number 1790

JACK KREINHEDER, Chief Analyst, Office of the Director, Office of Management & Budget, Office of the Governor, stated that the administration fully supports the overall goal of converting paper forms to electronic forms. He cited the following examples of forms and notices that the administration has already converted: permanent fund dividend (PFD) applications, motor vehicle registration, fishing and hunting licenses, the online public notice system, and the fiscal note presently before the committee.

Number 1836

MR. KREINHEDER said that while the administration supports the overall goal, it has a problem with the "blanket," or "shotgun" approach, whereby all of the thousands of forms used by the state would have to be converted. Even with the exemption for forms which are "fiscally irresponsible", or "technically infeasible", the process alone of having to apply for those exemptions and conduct a study to ascertain whether those forms would save money [would be involved].

Number 1873

MR. KREINHEDER told the committee that this plan would save money over time, but that there are insufficient staff and

resources to convert the several thousand forms. He stated that what really needs to be done is to choose which forms are high priority, for example, fish and game licenses and motor vehicle registrations; those forms most heavily used by the public. He also mentioned that the fiscal note had asterisks [on the "total" line] versus [an amount], and he said it was just a ballpark estimate.

Number 1923

MR. KREINHEDER asked the committee members to imagine that their assignment was to take any type of paper-based form and design a database for that form, set up the database and, additionally, decide how that information could be processed more efficiently. He said that is not an assignment that could be completed in a day or two, but would take weeks and, in some cases, months of work.

Number 1951

MR. KREINHEDER reiterated the administration's support of the concept of the bill and restated its view that applying [this measure] to all of the forms and having to go through the exemption process would be counterproductive. He indicated that that exemption process would involve the Department of Administration. He noted that, in a way, the bill was geared toward streamlining government by moving to electronic processes, but, as written, would actually be an "anti-streamlining measure."

Number 1993

MR. KREINHEDER suggested the following changes: examine forms used by agencies; prioritize the ones that could most cost-effectively be converted to electronic form; and work with the departments on a consistent form "interface," or "engine," so that all of the departments are using similar software. A plan such as that would direct the Department of Administration to set priorities, while tackling the problem.

Number 2055

CHAIR COGHILL noted that what Mr. Kreinheder suggested was a type of template bill, that would set a pattern of conversion.

[MR. KREINHEDER nodded.]

Number 2075

REPRESENTATIVE JAMES told Mr. Kreinheder that she thought what he was asking for would have a fiscal note, because it "tells you specifically what we want you to do." She said, "I think this just tells you, 'you shall provide'." It doesn't specify a date, just indicates a direction to follow, she added. Furthermore, she assumed that that could be done within the current budget available. She indicated that this has been done, somewhat, over the years, with driver's licenses, for example.

REPRESENTATIVE JAMES stated that she did not agree with Mr. Kreinheder's description of the trouble involved in getting exempted. She said, "I think what we meant is, 'If this doesn't work, you're exempted'." She told Mr. Kreinheder that it seemed to her that he was saying, "We can't do this by next year." She said there would not necessarily be an expectation that it be done next year; conversely, this would just be a direction from the legislature.

REPRESENTATIVE JAMES reminded Mr. Kreinheder of her previous testimony, when she had expressed that it is difficult for an administration to do that; it is difficult to have people working on a system that may cause them to lose their job. Notwithstanding that, Representative James said that in a state looking to spend less money for more efficient services, "I think we have to go there." She asked for a response.

Number 2177

MR. KREINHEDER answered that Representative James was correct that there is no timeframe in the bill; however, he indicated a literal reading of the bill [Page 1, Lines 5-8, which read, as follows]:

A state agency shall provide for the electronic submission of all forms used by the agency, whether the forms are submitted to the agency by other persons or used only within the agency itself.

MR. KREINHEDER next referred to [Page 1, Lines 10-13], which read, as follows:

The department of administration may exempt a form used by an agency of the executive branch from the requirement of (a) of this section if the department

finds that providing for electronic submission of the form would be technically infeasible or fiscally irresponsible.

MR. KREINHEDER described his perspective to Representative James: He outlined a possible future scenario, whereby HB 426 has passed and the legislature asks the administration how it is doing in regard to the bill. The administration responds that it has converted another 20 to 50 forms to electronic processing, but has not yet addressed the other 4,970 forms. At that point, he noted, the legislature could rightfully say, "Have you got a waiver for those? What's your status on those?" Mr. Kreinheder said [the present language of the bill] puts the administration in a situation where it may technically be in noncompliance with the statute.

REPRESENTATIVE JAMES said she did not read the language of the bill the same way. After two years, if the administration had a sizeable amount of [conversions] done, she said, from her perspective, she would say, "This is working."

Number 2280

REPRESENTATIVE FATE noted that Mr. Kreinheder had previously mentioned the "study-time" involved. He said to him and to Mr. Kline: "It would seem to me like you should have almost everything that's required, at your fingertips, to determine whether or not you're capable of doing this." He said he didn't think it required a protracted study. Representative Fate said he had run an office that was "equipment-intensive and capital-intensive," and he could say exactly where everything was in that office, as well as "what the forms were into the insurance," without requiring a long time to study. He said he would only take time to determine the feasibility, for example.

REPRESENTATIVE FATE addressed Mr. Kline directly regarding the technicality of converting forms. Returning to his aforementioned comments, he asked, "Do you, or do you not, have these things at your fingertips?"

Number 2358

MR. KREINHEDER responded that the question was a difficult one to answer. He clarified that when he had talked about doing a study and "jumping through these hoops," he had been referring to the exemption process, rather than to the conversion from paper form to electronic form. As a follow-up to Representative

James's question, Mr. Kreinheder said the state uses several thousand forms. Furthermore, with regard to using existing resources without dumping millions of dollars into a "fast-track process" to do the conversions, he stated his own feeling that, over the next three to five years, it probably makes sense to only convert a limited number of those [forms]. Some forms are used so infrequently, he noted, that it would not make sense to convert them. He reiterated that the bill would require conversion, unless an exemption is obtained from the Department of Administration, which he said is a "make-work process that we want to avoid."

REPRESENTATIVE FATE said, "I never did find out whether you had those things at your fingertips." In response to a request for clarification from Mr. Kreinheder, he explained he was referring to the data, or equipment required to make those conversions.

MR. KREINHEDER replied that, in some cases, the answer is no. He indicated that paper forms may get stuck in a file or move up a chain for further approval. He noted that, in most cases, the department does not have a database for that program; it probably has a license for the software, but may or may not have computers with the capabilities necessary to run it. He reiterated that it would not be an easy or quick process to convert all the forms.

REPRESENTATIVE FATE reiterated his aforementioned question to Mr. Klein.

Number 2489

ANDY KLEIN, Information Technology Group (ITG), Department of Administration, mentioned a two-part answer and offered the following example: Presently, the department is working with the permanent fund division on a conceptual phase of an entirely online submittal of the PFD form for next year. This year the form is available online, but the applicant still has to sign the form and send it in. Mr. Klein indicated that digital legislation has been in place for a couple of years. [To offer that capability to the applicant] will require the department to have an "authentication module" in place, which verifies that the person applying is actually who he or she claims to be, and is not applying for someone else's PFD.

MR. KLEIN said that the department has to deal with vendors of both hardware and software, consultants, PFD staff, and its own staff. The software alone can cost between \$500,000 to

\$900,000; it's a large piece of software, required to do a variety of things. He said it is licensed on a "per-user basis," so the department could possibly "end up getting dinged for every citizen in the State of Alaska." Mr. Klein told the committee that ITG is comprised of a very competent staff that has the expertise to do this. Regarding some of the software, the department has agreements with one of the companies and may be able to get a break on pricing; however, it will probably have to buy some software, specifically for this project, he said. Once this project is done, the department will be able to use the same process again on other forms. He mentioned being located centrally and trying to get that efficiency.

Number 2606

MR. KLEIN said the department has the data, presently, to decide which forms are feasible now and how to proceed; however, "implementing those has a cost associated with that." He concluded: "The State is a large organization. There's a lot of times we're going to have to look at that over and over again to see how to ... best go about doing different procedures in the state."

Number 2627

CHAIR COGHILL announced that he would allow another five minutes for questions and then would ask the committee if it would like to act on the bill with the present information, or continue with the discussion.

Number 2649

REPRESENTATIVE HAYES said it seemed to him that the technological infrastructure in the State of Alaska is not good. He asked how current in technology are most of the departments. He mentioned hearing from one department, for example, that its computers are not up-to-date and, therefore, it cannot provide certain information. Representative Hayes said he assumed that the problem was a statewide one, across all agencies, because the money is not invested in the state's technological infrastructure, the same as it isn't invested in the state's deferred maintenance.

Number 2704

MR. KREINHEDER said the short answer is no. He said there would be a number of cases where agencies have computers that are

several years old and won't run current versions of software. He deferred the question to Mr. Klein for further response.

Number 2715

MR. KLEIN said he thinks that many of these things would ultimately be implemented through some type of centralized agency, with, hopefully, applications housed at a central location. He expressed that one of the department's concerns is that this proposed bill would encourage "build-out" of what is called "'stovepipes' - everyone doing the form in their own way, housing it in their way, on their own equipment, whether it's good or bad, because they have the mandate of doing it, and they want to get that done." He said that the department is in the middle of doing a statewide ITG plan, in hopes of encouraging centralization of those resources, when appropriate.

CHAIR COGHILL interjected that this issue probably warranted further discussion.

Number 2764

REPRESENTATIVE CRAWFORD asked if this bill would require those people who do not have access to, or do not wish to use, a computer, to turn in forms electronically.

MR. KREINHEDER replied that he did not see the bill as "banning" paper submission of forms. He asked Representative Crawford for further clarification.

Number 2816

REPRESENTATIVE CRAWFORD said he did not see the issue addressed in the bill and, therefore, did not know how it would be treated.

CHAIR COGHILL said he thought that the bill would require another type of submission, without precluding or changing the use of paper.

MR. KREINHEDER said, if Representative Crawford's question asked whether the bill would require people to use electronic submission, the answer is no. He proffered that the concern of the administration is that the bill is a simplistic solution to a complex problem. He offered the analogy that it is a good idea for students to get straight A's, but said he thought that "we" would all agree that the legislature's passing a bill

requiring all students to get straight A's would not be accessible.

Number 2875

REPRESENTATIVE JAMES suggested this discussion could continue all day, but she did not think it would progress further either way. She indicated putting forth a direction in which to go and mentioned all these things being a part of the process. She said that she appreciates Mr. Klein's concerns regarding getting everybody on the same system, an issue which has been an existing problem. Furthermore, she noted that a resistance is there from the state employees. She conveyed a story of her own personal resistance to computers, when she was first exposed to them in 1960. She stated her readiness to get this bill moving to the House Finance Standing Committee.

CHAIR COGHILL asked Representative James to defer that motion so that Representative Hayes could finish his line of questioning.

Number 2945

REPRESENTATIVE HAYES said he thought that the bill warrants more discussion. He indicated the way that budgets are done in each department and the technological capabilities of the state and said he did not think that the committee should "add this on" until it came up with a plan for, at least, deferred maintenance of [the state's] technological infrastructure. He said he did not know at what point employees are supposed to find the time to do all the things "we want them to do," on top of their priorities.

CHAIR COGHILL said he appreciated Representative Hayes's comment and said he thinks that is "probably the tension of the discussion we're going to have, probably perennially in state government, or any other agency." He said he thinks the pressure to go to the IT (information technology) world is appropriate. He said he would be willing to entertain a motion and indicated letting the House Finance Standing Committee [take over the discussion].

TAPE 02-30, SIDE B  
Number 2999

CHAIR COGHILL asked what the will of the committee was regarding [HB 426].

Number 2980

REPRESENTATIVE JAMES moved to report HB 426 out of committee with individual recommendations and the accompanying fiscal notes.

CHAIR COGHILL said: "And we will attach the fiscal notes, so that the broader discussion is brought up. I mean, if I found that it was totally out of line, I might have zeroed it out; but, I think that ... the policy discussion has to happen in a financial world."

Number 2965

REPRESENTATIVE JAMES noted that moving from one system to another is never without cost; the benefit is that the investment made improves efficiency and improves the cost "down the line."

Number 2930

CHAIR COGHILL said: "Just for me, ... inherently, within the shell, on line 6, is going to be 'to examine, prioritize, convert, and interface.' So, I think that, just for the record, I would expect that and as the testimony was brought forward, that would certainly be part of the prioritization process."

Number 2936

REPRESENTATIVE HAYES reiterated his strong objection to moving the bill at this time. He said he thinks this issue brings up a larger issue for "state affairs," reiterating that there is no comprehensive, technological, deferred maintenance plan to upgrade [the state's] systems. He indicated a need for deferred maintenance plans for both buildings and technology. Passing on the bill without this plan will cause problems in the future, he predicted.

Number 2899

CHAIR COGHILL reminded the committee that there was a motion on the floor. Notwithstanding that, he said he wanted to give the sponsor a chance to respond to the most recent discussion heard by the committee.

Number 2878

REPRESENTATIVE LANCASTER said he does not disagree that this [proposed bill] is part of the bigger picture, but he also thinks that it is a start; the message needs to be sent to the department. He concurred with Representative James's aforementioned statement that the intent is not that [people have to make all the conversions at once]. The intent, he said, is that [the state] move in this direction. He recalled when, approximately four or five years ago, Lieutenant Governor Fran Ulmer started the technology process. Although [Alaska] has moved forward somewhat, and is viewed by many in the Lower 48 states as being on the leading edge, Representative Lancaster said he tends to disagree with that; he said he thinks the state should have moved "a little faster, a little sooner," which is what this [proposed legislation] is meant to expedite.

REPRESENTATIVE LANCASTER said he does not disagree with the previous comments made by Representative Hayes, regarding deferred maintenance and natural upgrades and that there maybe is no provision for that. He said, "I can't disagree with that, either, but, again, we have to walk before we can run, and I think this is getting the message to the department [that] we need to move forward."

CHAIR COGHILL said he would entertain a vote. He said he believes that the House Finance Standing Committee probably has had "all of these things kind of converging on them." He said he thinks this issue should be part of that discussion.

Number 2826

REPRESENTATIVE CRAWFORD stated that he agreed with the concept of [the proposed bill] and said he thinks this is the direction that "we need to be moving in." He said he has concerns, as well, and indicated that, although he would put his name on the bill to move it along, he thinks that these concerns need to be addressed. For example, he said he could foresee a scenario, whereby agencies decide in the future that they will not accept paper [forms] anymore. He noted that he is sure that many of his constituents are uncomfortable with electronic form submission and "don't have the capability of doing it." He concluded that he thinks that there is more that needs to be included in the bill before it becomes law.

CHAIR COGHILL said he agreed with Representative Crawford that there is more to it, but said, "I don't know that this bill, necessarily, has to be more, because it's ... part of the broader discussion on managing government." He said he doesn't

think anyone would ever be forbidden from using a [paper] form, because of the need to have access to government. He mentioned that accommodations had been made for people with writing or speaking disabilities.

Number 2725

A roll call vote was taken. Representatives Crawford, Fate, James, Stevens, Wilson, and Coghill voted for HB 426. Representative Hayes voted against it. Therefore, HB 426 was reported from the House State Affairs Standing Committee by a vote of six to one.

SB 297-MENTAL HEALTH TRUST LAND UNIT EMPLOYEES

[Contains brief discussion of SB 112.]

Number 2695

CHAIR COGHILL announced that the next order of business was SENATE BILL NO. 297, "An Act moving employees of the Alaska mental health trust land unit of the Department of Natural Resources from the partially exempt service to the exempt service."

Number 2655

TIM LAMKIN, Staff to Senator Gary Wilken, Alaska State Legislature, told the committee that the proposed legislation was drafted to correct an oversight from the previous year and mentioned SB 112. Nine employees of the [Alaska Mental Health] land unit were overlooked [in that bill], he explained.

MR. LAMKIN remarked that there is no fiscal note attached, because the money used to pay these employees comes from the trust; therefore, there are no general funds attached to it. He added that there is no bargaining unit involved, because of "their" current partially exempt status. He said, "It allows, essentially, the trust authority to remain competitive in the (indisc.) market, relevant to recruiting, training, and retaining its natural resource managers."

CHAIR COGHILL asked Mr. Lamkin if he was aware of any objection from the department.

MR. LAMKIN replied, "None whatsoever." He reiterated that [the proposed legislation] comes at the request of the department.

CHAIR COGHILL asked if there were any questions from the committee members. He noted that there were people available from the department to answer questions.

Number 2579

REPRESENTATIVE JAMES stated her belief that this [legislation] was "going in the right direction," was requested by the department, and should be moved forward. She moved to report SB 297 out of committee with individual recommendations and the accompanying fiscal note.

CHAIR COGHILL said he thought it is a management tool that the committee would do well to pass on to the mental health board. He mentioned the mental health department and division, as well.

Number 2485

CHAIR COGHILL asked if there was any objection. There being no objection, SB 297 was reported from the House State Affairs Standing Committee.

**ADJOURNMENT**

There being no further business before the committee, the House State Affairs Standing Committee meeting was adjourned at 9:01 a.m.