

**MINUTES**  
**SENATE FINANCE COMMITTEE**  
**February 21, 2001**  
**9:18 AM**

**TAPES**

SFC-01 # 21, Side A  
SFC 01 # 21, Side B

**CALL TO ORDER**

Vice Chair Jerry Ward convened the meeting at approximately 9:18 AM

**PRESENT**

Senator Pete Kelly, Co-Chair  
Senator Dave Donley, Co-Chair  
Senator Jerry Ward, Vice Chair  
Senator Lyda Green  
Senator Gary Wilken  
Senator Alan Austerman  
Senator Lyman Hoffman

**Also Attending:** ANNALEE MCCONNELL, Director, Office of Management and Budget, Office of the Governor; JIM DUNCAN, Commissioner, Department of Administration; LARRY WALSH, Director/Chief Technology Officer, Information Technology Group, Department of Administration; DEL SMITH, Deputy Commissioner, Department of Public Safety; KIM GARNERO, Director, Division of Finance, Department of Administration; KAREN MORGAN, Deputy Director, Communications Services, Information Technology Group, Department of Administration; FRANKLIN TERRY ELDER, Director, Division of Banking, Securities and Corporations, Department of Community and Economic Development

**Attending via Teleconference:** STEVE SMITH, Director, Information Technology, University of Alaska

**SUMMARY INFORMATION**

SB 29 - APPROP: GOVERNOR'S CAPITAL BUDGET

The Committee heard testimony from the Office of Management and Budget, Department of Administration, the University of Alaska,

Department of Public Safety and the Department of Community and Economic Development. After a brief overview the bill was held in Committee.

#SB 29

SENATE BILL NO. 29

"An Act making capital appropriations and capitalizing funds; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

ANNALEE MCCONNELL, Director, Office of Management and Budget, Office of the Governor announced that the presentation would be emphasizing special information groups, information technology and emergency communications.

JIM DUNCAN, Commissioner, Department of Administration, explained that the Telecommunications Information Council (TIC) was established in 1987 by statute. He noted that it is a council that meets quarterly, is chaired by the Lieutenant Governor and serving on the committee are all the commissioners and deputy commissioners of all state agencies, the director of Office of Management and Budget, two members of the Alaska State Legislature, one member of the University of Alaska and one public member. The council has several duties: to establish guidelines, prepare a state short-range and long-range information system plan to meet state needs, to direct state agencies to prepare agency information plans and, in accordance with statutes, establish guidelines for access by the public. He informed that "off of the TIC there is a TIC policy group" appointed by the Lieutenant Governor and its membership includes the Lieutenant Governor, director of Office of Management and Budget, the University of Alaska chief technology officer, commissioners or deputy commissioners of the Department of Public Safety, Department of Natural Resources, Department of Environmental Conservation and Department of Administration.

Mr. Duncan said that in addition to the TIC and the TIC policy group there is the Technical Advisory Committee (TAC) and the membership of the TAC is made up of the chief technical representatives from all state agencies. He pointed out that the TIC initiatives have been adopted to continue to use the Internet to service the state's external customers, to take steps towards a digital democracy such as on-line public hearings and forums to collect public opinions, to address the emergency communication infrastructure needs, to work on digital signature systems to continue to enable "e-government initiatives", and to address the

digital divide in the state. He shared that the TAC members believe that access to the Internet in the urban areas is extremely high, but the same statistic would probably show that it is "pretty dismal in rural Alaska."

Mr. Duncan surmised that there are three levels of review: TAC, TIC and the Information Technology Group (ITG).

Ms. McConnell explained the reason for the extensive review process is because the information technology projects in one department have significant impact on how the statewide system operates. She stressed that consistent, quality statewide standards are an important component of this project. She added that the projects have been carefully selected based on the ability to move them forward and with the knowledge that each project is a prototype for future projects and would have applicability in other areas of state government.

LARRY WALSH, Director/Chief Technology Officer, Information Technology Group, Department of Administration, explained the TIC is interested in the agency's ability to solve technology needs in the state. He said that when proposed projects are discussed, there are consistent issues that come forward along with common technical challenges even though the content and agencies might be different. Therefore, he stated, ITG is interested in addressing those common infrastructure needs and looking for ways to offer those services to state agencies. He hoped the group could re-use that technology for similar solutions. He noted the group is trying to identify ways to improve this process, and he believed the TAC review is a "great" way to start. He added that other common issues discussed are network and bandwidth issues, specifically with the delivery of information services into rural Alaska. He explained that there are techniques that could be used that perform either more efficiently or less efficiently. He said that when these methods were reviewed, he witnessed some "incredible brainstorming and information exchange" on how to solve common problems. He shared that discussions also addressed how the state of technology is changing in the marketplace and in the state, and said that this is a "rapidly evolving arena." He stated he was pleased with the effort of cooperation and collaboration across agencies.

DEL SMITH, Deputy Commissioner, Department of Public Safety, indicated that for the past couple of years, the department has met with all of the groups that have proposed emergency communication projects in an effort to narrow projects down to those most critical for the state. He listed four components relative to emergency communications: Department of Public Safety; Department

of Health and Social Services; Department of Military and Veterans Affairs; and an entire governmental emergency response system. He noted that meetings were held on several occasions and recommendations were submitted to the Office of Management and Budget. He believed the recommendations reflect what would be best for the entire State of Alaska. He pointed out that the projects are prioritized as a Southeast upgrade; a rescue coordination replacement; an emergency communications land mobile radio migration; and an emergency communications medical services.

Ms. McConnell indicated there is "an additional overlay of complexity" for the emergency communication projects, because there is a considerable amount of interaction with both federal agencies and local agencies. She stressed that both of those governmental levels must be taken into account.

#### Department of Administration

Payroll and Accounting System Replacement Analysis

\$400,000 General Fund

Reference No.: 33862

AP/AL: Appropriation

Project Type: Planning

Category: Public Support Technology/Service

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2001 - 06/30/2006

Funding will be used to hire a consultant to provide replacement analysis and planning for the statewide accounting and payroll systems (AKSAS & AKPAY) currently managed by the Division of Finance.

One-time project

KIM GARNERO, Director, Division of Finance, Department of Administration, explained that the Division of Finance maintains and operates two large mainframe computer systems that serve all state departments except the university. She indicated that AKSAS provides statewide accounting services and AKPAY provides statewide payroll services. She told that AKSAS is fifteen years old and AKPAY is ten years old and both use ADATABASE management software. She noted the payroll software vendor has officially notified the division that their product will no longer support ADATABASE after 2002. She stated that both of the aging mainframe systems would need to be replaced and stressed that planning should begin soon. She added that stand-alone single function administrative systems are numbered for large complex organizations.

#### University of Alaska

Telecommunications Equipment Improvements  
\$1,875,000  
Reference No.: 34508

STEVE SMITH, Director, Information Technology, University of Alaska, testified via teleconference from Fairbanks and explained the university's objectives to upgrade to the next generation of hardware to provide 24-hour access for the students and provide full redundancy for the system.

Senator Hoffman asked why this project is listed as a phased project.

Mr. Smith replied that the cost for replacing the primary administration computer is split over two years with \$1.5 million for FY 02 and \$1.5 million for FY 03 when redundancy for the new system would be completed. He added that the remaining \$375,000 in the FY 02 request is for the convergence of the university network.

Senator Hoffman requested clarification that in FY 03 the project would require another \$1.5 million.

Mr. Smith responded that is correct. He explained that the \$1.5 million in FY03 would provide full redundancy in the system to ensure there would not be one single point of failure.

Senator Hoffman referred to the backup material indicating the total project would cost \$1.8 million.

Mr. Smith explained that the \$1.8 million is the cost for FY 02.

Senator Hoffman noted the additional \$1.5 million for FY 03 was not shown in the backup.

Senator Wilken asked what Mr. Smith thought the voice-over Internet Protocol (IP) would save in long-distance calls or operating costs for the Anchorage and Fairbanks campuses.

Mr. Smith indicated the initial projection is a savings of approximately \$144,000. He explained that the second part of the capital request, convergence of the university network, would enable a single circuit for video, voice and data between all of the campuses and also eventually include the Internet. He said that currently there are separate circuits for voice, video and data and the technology is available to handle all on one circuit. He informed that the separate circuit for videoconferences is available seven days a week 24 hours a day; therefore, it lays idle much of the time. He indicated that with the new technology all

traffic could be run over one circuit, which would be more efficient.

ARCS Video Automation and Control Project

\$77,500 general funds

Reference No.: 33907

AP/AL: Appropriation

Project Type: Equipment

Category: Public Support Technology/Service

Location: Statewide

Election District: Statewide

Estimated Project Dates: 07/01/2001 - 06/30/2006

Funding will be used to purchase a computer based video/audio automation system that will enable ARCS to receive video programs from multiple sources including Federal agencies, State of Alaska agencies, local Alaskan producers, and others, and broadcast the programs over ARCS.

One-time project

KAREN MORGAN, Deputy Director, Communications Services, Information Technology Group, Department of Administration informed that the Alaska Rural Communication System (ARCS) has been through a variety of changes over the past five to ten years. She noted that within the past five years the signal had been digitized and the tape delay center was disbanded, which left the programming up to another provider. Originally, she said, the signal went to Bethel and then it was brought back into the Anchorage area where the joint venture office was established with the Public Broadcasting Commission and the ARCS council. She said this is the first request out of the joint venture office and the equipment being requested would be used in the joint venture office to automate some of the programs received by the ARCS signal. She explained it would be timesaving for the department and would also be a programming enhancement.

Senator Green asked if the operating budget would be affected.

Ms. Morgan responded that currently the ITG administers the grant process to the public broadcasting joint venture office. She clarified that the amount of that grant would not change.

Emergency Communications: Land Mobile Radio Migration

\$16,248,100

\$14,893,700 federal receipts

\$1,354,400 general funds

Reference No.: 33845

AP/AL: Appropriation

Project Type: Equipment

Category: Public Support Technology/Service  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2001 - 06/30/2006  
Funding will be used to continue the process of converting federal, state, and local emergency communications systems to technology that will provide for interoperability (the ability of different agencies with different communications systems to communicate across jurisdictions and with each other).  
Phased project

Ms. Morgan explained that the project was established in the middle 1990's as a joint venture between federal, state and local governments to build an inter-operational two-way radio system moving toward an analog communications system in the State of Alaska. She said as cellular phones and other devices continue to become more popular, the radio spectrum that allows communications between these devices becomes more limited. The Federal Communications Commission (FCC) is now selling that spectrum to the federal government at "a great profit", she said, but as result of the increased usage, they are now requiring that the federal, state and local governments move to a new spectrum. She noted that the FCC original deadline for this conversion has been delayed due to the lack of a funding mechanism. She stated this project allows the three entities to merge their resources and structures together. She informed that the US Department of Defense has been appropriated \$14 million and has awarded a contract to begin the conversion on their portion of the system. She noted Alaska would receive approximately \$7 million of this amount to allow the state and local portions to be converted in conjunction with the overall system.

Co-Chair Kelly inquired if there is communications between the systems now.

Ms. Morgan stated there is currently no direct communication, which causes problems. She detailed how two different radios must be used in order for one entity to contact another.

Co-Chair Kelly asked if this is because some entities use analogue while others use digital communications.

Ms. Morgan replied very few systems are digital, and that most are analogue. Furthermore, she said, communications are controlled by the use of different frequencies, and as part of this upgrade, the different entities would be using the same frequencies as well as converting to digital technology.

Co-Chair Kelly summarized that this request would provide funding to upgrade communications to digital and at the same time allows communications between jurisdictions.

Ms. Morgan said that is correct.

Senator Wilken asked for clarification on what exactly the \$16 million would be spent. He also wanted to know why the state would not contract as a subscriber with a private company, such as Globalstar, to perform the hardware work.

Ms. Morgan stated there is a land mobile council comprised of representatives from a wide variety of local, state and federal entities. She informed that several years ago the council reviewed technology to determine what would best meet the overall needs to enable joint communications. She stated the council determined that satellite communication was fairly new technology that does not work well in many areas and has inter-operability capabilities that are not as "robust" as the land mobile radio communications. She stated this project would still allow for some prescription type services where needed.

Ms. Morgan said that the state is participating jointly on this project because of infrastructure in place run by the State of Alaska Telecommunications System. She explained this is a microwave system that follows the highway system, and because this system is already in place, the only expense would be upgrades. Without the existing system, she noted, the cost of this project would be much higher.

Senator Wilken inquired if the Alaska Land Mobile Radio Objective Council (ALMR) had received a presentation from either Iridium or Globalstar

Ms. Morgan replied that in 1997, the ALMR Council, issued a request for information from the communications industry to determine the best technology for communications. She said the council had significant response from the industry, including satellite communications companies.

Senator Wilken commented that he has noticed the changes in technology over the past several years and ascertained that much has happened in technology since 1997. He suggested further communications with private industry before launching into a \$40 million project that would have to be upgraded on an annual basis as the industry moves ahead.

Ms. Morgan responded that she appreciated Senator Wilken's concern,

and qualified that although she was not a technologist, she could guarantee that the council has been looking at the changes in technology all along and this system has been determined to fit the needs even in today's environment. The concern, she stressed, is the unreliability of satellite systems for an emergency response situation. She stressed communications are a problem and there is concern over adequate emergency response to situations such as the avalanches that occurred last year on the Seward Highway.

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Ms. Morgan stressed this was a "very good project" and assured the Committee that the council wanted to proceed very cautiously, making sure to take into account technology changes.

Senator Wilken inquired if this project could be part of the telecommunication package the state is considering with major communications providers AT&T/Alascom and GCI.

Co-Chair Kelly stated that Senator Wilken's questions have "sparked questions" from other members.

Co-Chair Kelly asked how the satellite services do not provide "robust enough coverage" and asked for general clarification on the differences in coverage from satellite companies; specifically, what was lacking.

Ms. Morgan replied the coverage from satellites is not always reliable. Radio technology acts more like an intercom, she explained, and allows multiple entities to communicate by tuning into the same frequency, while satellites work more like a telephone and do not allow multiple parties to communicate at this point.

Senator Austerman asked if the council had considered Alaska owning its own satellite for communications.

Mr. Smith indicated that he was a member of the ALMR council, and that the council had received presentations from companies representing almost every kind of communications equipment. He said that the department is envisioning the land mobile radio migration project as a trunk radio VHF system that functions like a telephone system, but is wireless and would provide day-to-day reliable emergency communications between fire departments, police cars and other emergency response entities. He reiterated that satellite phones do not allow parallel communication and in some emergency

situations, cell phone lines are tied up due to volume. Mr. Smith voiced concern that getting satellite time, "twenty four hours a day, seven days a week", when needed, would be difficult. He stressed that a satellite would have to be consistently at the right place on the horizon to effectively communicate.

Senator Wilken asked if this project is part of the telecommunications package, and whether a privatized state network would work.

Mr. Smith indicated there are sections of the telecommunications RFP that would affect certain portions of the existing infrastructure of the current telecommunications system. He said there is an option to hire a private communications provider whose responsibility would be to install the system and do the upgrades; however, it needed to be a VHS trunk radio system regardless of who is in charge. He commented that the State of Florida is working with a private vendor to do just that, so it is a possibility.

Senator Wilken expressed concern over spending \$40 million now and in five years, considering rapid technology advancements; another \$40 million request might be before the committee. He asked why the state does not subscribe to a system and let the privatized entity do all the necessary upgrades.

Mr. Smith responded that the Department of Public Safety contracted with Western Identification Networks, a private firm, for use of their fingerprint identification program and that program is working "just fine." He commented that he did not feel this appropriation approach precluded the state from issuing RFPs to look at other options; however, without an appropriation, the state would not "attract much attention from vendors."

Ms. Morgan clarified that the privatization component is included in the RFP and during the time the capital request was submitted, two things were happening simultaneously: one was that the federal government was moving ahead with the contract, and two, the "RFP was on the street". She stated the ALMR was included in both.

Senator Leman inquired how this project related to the Alaska mini-radio service that provides emergency broadcasts on radio channels. He asked if there might be an inter-relationship with those technologies.

Mr. Smith said there is an emergency radio broadcast notification system to the public in the case of an earthquake or a tsunami; however, it is a one-way radio system not a two-way system. He said the council is aware of the system, but he did not see it as part

of a two-way radio system.

Senator Leman remarked that if the state was going to invest this much money, an effort should be made to make sure that all the systems work together.

Mr. Smith stated that partnerships with the ARMY, Coast Guard, and other entities are being established to take advantage of the infrastructure that exists right now.

Senator Hoffman inquired if any of the systems could be used at the local level for search and rescue.

Mr. Smith said yes, he could see that occurring.

Senator Hoffman commented that in rural Alaska, assistance in search and rescue is needed, especially in the winter when those on the ground with snow machines need to communicate with the National Guard and other rescue coordinators.

Mr. Smith stated that the radios would be available for search and rescue. He added that the 25 Megahertz (MHZ) radios that are currently in use are not manufactured anymore and would need to be replaced with 12.5 MHZ narrow-band radios. All radios must be the same megahertz for communication, he said.

Mr. Smith communicated that this proposal includes an airmobile trunk-able system that can be set up in remote areas to coordinate search and rescue for major disasters outside of the major population areas of the state.

Senator Ward said there might be satellite technology developing that provides cell phones with more than just two-way operations. He asked if the council was informed of any developing technologies that might be available in the next few years.

Mr. Smith did not recall any presenter talking about new technology that would be suitable, nor, was he provided any information about a more cost effective satellite service program. He commented that this was mainly due to Alaska's position on the planet. He said satellite communications might be good in the interim, but are cost prohibitive and sufficient bandwidth might be a problem.

Co-Chair Kelly, referring to the backup information sheet, inquired if the wording on the zero-percent state match was a misprint. He also questioned the general fund involvement.

Ms. Morgan indicated that at the time the request was submitted

there were approximately eight federal government grants being applied for, each with different match requirements. The request is denoted zero because a specific grant has not yet been obtained, she stated.

Senator Hoffman questioned a portion of the backup information sheet that indicated an additional \$4.7 million might be required due to various funding options between the local, state, and federal agencies.

Ms. Morgan replied it would depend on the grant awards whether additional state funds would be necessary.

Electronic Signature Project  
\$100,000 general funds  
Reference No.: 33936  
AP/AL: Appropriation  
Project Type: Information Systems  
Category: Public Support Technology/Service  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2001 - 06/30/2006  
Funding will be used to purchase hardware, software, and provide staff to evaluate and pilot electronic signature technology.  
One-time project

Mr. Walsh told the committee that one of the common interest topics found in a recent review of agency technical requests was a common interest "across the agencies in technology that could be used to identify and authenticate electronic users of the various state systems." He stated this request would fund a pilot project to identify and fund the technologies that are available, and identify the standards and enterprise issues. He said these could then be leveraged into a variety of state solutions in order to avoid having "stove-piped solutions" in different agencies and to provide a common infrastructure to benefit all agencies doing electronic commerce within the IT enterprise.

Senator Leman inquired if other departments would need additional funding to implement these programs.

Mr. Walsh replied that when other states, such as Washington, acquired the certificating authority contract from one of the service providers, the state viewed it as an "enabling, building block that every agency needed to buy into." He said that one of the hopes of the Alaska TIC project request is that the state would be able to adopt a standard that agencies would be able to build into their system rather than reinvent. He said the Department

could present the bid as one enterprise instead of individual agencies requesting funds. He commented it was too soon to say how that should be addressed, but he favors the enterprise approach. He stated he would be able to provide the cost at a later date.

Mainframe Improvements, Equipment Replacement, Virus Scanning and Metadirectory Development  
\$2,181,000 information services funds  
Reference No.: 33836  
AP/AL: Appropriation  
Project Type: Equipment  
Category: Public Support Technology/Service  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2001 - 06/30/2006  
Funding will be used to purchase the highest priority equipment, including hardware and software, to meet anticipated customer demand.  
On-going project

Upgrade Internet and Intranet, and Implement New Network Technology  
\$539,900 information services  
Reference No.: 33852  
AP/AL: Appropriation  
Project Type: Information Systems  
Category: Public Support Technology/Service  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2001 - 06/30/2006  
This project will combine circuits for voice and data traffic by making use of Voice over Internet Protocol (VoIP) technology. This will significantly increase the efficiency of the state's voice and data transmission systems.  
Phased project

Mr. Walsh explained that these two requests could be identified as one since both are seeking authority to be funded by available internal service funds (ISF) for equipment. He said the ISF is generated from the charges by ITG to the agencies for use of its systems. He said that these funds are considered depreciation funds and are used to replace technology as needed. The department separated these requests into two components, he said, because of the telecommunications partnering of proposals which evaluates identified elements that are "in scope" of the telecommunications partnering, (Project Reference Number 33852) and equipment replacements that are "out-of-scope", (Project Reference Number 33836). He mentioned that in prior years, before these breakout

designations, these proposals would have been presented together.

Co-Chair Kelly asked for clarification of "in-scope" and "out of scope."

Mr. Walsh replied that ITG has asked vendors in the telecommunications area for specific "bundles" of technology uses. He said that Project Number 33852, comprised of Internet, intranet, and network technologies, consists of components of the partnering plan bundles for which proposals were requested. He said it is very likely that if a contract were awarded, these technologies would be provided by the awarded vendor partner and not through ITG. He explained that mainframe improvements, virus scanning, and equipment replacement are not part of the proposals being sought from the vendors and are therefore "out of scope".

Co-Chair Kelly asked for further clarification.

Mr. Walsh explained that ITG operates a large technology enterprise and the partnering proposals ITG is seeking and evaluating now are focused on "just a subsection" of what ITG does. He said if there is something that ITG does today that they are asking a vendor to propose on, that is considered "in-scope."

Senator Wilken inquired about the lack of an operating impact for Project number 33852 and about there not being a payback. He questioned the lack of an operating impact, while noting an increase of \$57,600 in annual operations and maintenance. He asked why the state should invest \$539,000 with no payback, and why this project is not part of the telecommunications RFP bundle.

Mr. Walsh clarified that this project is part of the telecommunications RFP and one of the reasons the Department segregated these requests into separate projects is because if a contract is awarded, the partner may be providing equipment as part of the contract.

Senator Wilken asked, if a contract was awarded, would there still be need for capital.

Mr. Walsh stated capital might still be needed to fund the delivery of the technology, and that is part of the evaluation process underway on the proposals already received. He said the payback anticipated might depend on the proposal, and is also part of the cost analysis ITG is performing.

Ms. Morgan clarified this request is for an appropriation authority. ITG currently provides telecommunications through

several methods, she said, one of which is rates-for-services. Rates-for-services, she explained, is made up of two components, the operating budget and the capital or depreciation component. She said this request would provide ITG the appropriation authority that assumes that the partner will charge the agency for new technology. She continued that ITG is hoping to have a RFP awarded so ITG could have a budget amendment to signify the changes required as part of the RFP. She stressed it is a complex issue, but being awarded the appropriation authority would show that ITG is moving forward.

Senator Wilken addressed a portion of the request that asks the state to spend \$539,000 to invest in new equipment that would lower long distance costs. He inquired about lowering the cost of long distance by using the new voice-over IP.

Ms. Morgan said she anticipated some savings in long distance costs. She said that Internet and bandwidth, even without voice-over IP, has a "very steep growth curve", and that as more residents take advantage of state online services, the bandwidth usage has grown in "astronomical proportions". She said projections are that bandwidth would increase approximately forty percent annually, and that this new technology would enable ITG to save money. She warned, however, that this is yet to be seen, and she could not give an overall savings estimate, as the savings would be at the agency level because this is a charge-back situation.

Co-Chair Kelly asked Senator Wilken if that answered his question.

Senator Wilken replied no, and stated that since the benefits of this request were not clearly defined, the committee would need to wait for the results of the RFP before deciding whether to invest in the hardware.

Co-Chair Kelly stated that no cost savings have been identified in the request, but that the upgrading of equipment was to keep up with increased demands on service.

Ms. Morgan agreed that the request was to keep up with increasing demands and that the request, if granted, would give the department the appropriation authority to adjust the overall rates charged to the successful telecommunications provider.

Co-Chair Kelly asked for further clarification.

Ms. Morgan explained this request would give the department the appropriation authority for the partner provider to provide these services if the department successfully awarded the contract to a

partner. Whether the department used a private sector or did the work internally, she emphasized, the services would not be free, and without the expenditure authority the department could not proceed with one of these alternatives, depending on the outcome of the RFP.

Department of Community and Economic Development

Securities Database  
\$300,000 receipt services  
Reference No.: 33846  
AP/AL: Appropriation  
Project Type: Information Systems  
Category: Public Support Technology/Service  
Location: Statewide  
Election District: Statewide  
Estimated Project Dates: 07/01/2001 - 06/30/2006  
This project creates a new securities database in the Division of Banking, Securities and Corporations. The database will provide for enforcement tracking, create public access to information via the Internet, increase division productivity and consistency of staff, and establish database integrity.  
One-time project

FRANKLIN TERRY ELDER, Director, Division of Banking, Securities and Corporations, Department of Community and Economic Development, testified the security database is roughly twenty years old and does not have the ability to track enforcement activity or put information on the Internet for public use. He stated that this request would allow the department to expand the system without increasing clerical staff. He said that with the demand for this information growing, the fee-for-services would be the funding source for this request.

Senator Austerman asked whether this project would replace the old system or upgrade it.

Mr. Elder replied that request is for replacement of the existing system and the old non-relational database.

Senator Austerman asked whether another operator or staff person would be necessary to input the data.

Mr. Elder replied yes, the operating budget request asks for another analyst programmer who would be working part-time on this database and part-time working on other databases in the department.

Co-Chair Kelly asked if the Department anticipated increasing fees to cover this expense.

Mr. Elder replied no, that the fee for services already generates approximately six times the cost of the division.

Co-Chair Kelly commented that he wanted to make sure that the Department did not raise fees unnecessarily. He was concerned that as a result of legislation passed last year that put "a picket fence around agencies budgets," departments might try to raise money by increasing fees.

**ADJOURNMENT**

Co-Chair Pete Kelly adjourned the meeting at 10:42 AM