

CS HB

40

SENATE COMMITTEE REPORT

FURTHER:

5/13/87

DATE TURNED INTO OFFICE 5/15/87

Mr. President:

FINANCE Committee considered CSHB 40(Fin)

creating the Telecommunications Information Council in the Office of the Governor; efd.

and recommended:

replace with CS FOR _____) same title
 or adopt _____ CS FOR _____) new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted House Finance

Committee attached or adopted fiscal note(s)

new updated or previous
 zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Paul Freely
Rich He
W. Hendley
A. B.

Paul D. Zharoff (No Rec)
J. Anderson (No Rec)

AB. DO PASS
Chairman signature and recommendation

Committee Backup Attached

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

No. 4

Bill Version: CSHB 40(Fin)
Publish Date: HOUSE 5/4/87

REQUEST:

Revision Date: _____
Title: An Act creating Telecommuni-
cation Information Council
Sponsor: Boucher
Requestor: House Special Committee
on Telecommunications

Agency Affected: Administration
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING'	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: Attach a separate page if necessary

It is assumed that the Council will replace the need for the Information Systems Committee (ISC) as it exists today. The Department of Administration would devote the minimal resources currently used in support of the ISC to support the Council.

Prepared by: Representative Al Adams, Chair
Division: House Finance Committee

Phone: _____
Date: May 1, 1987

Approved by Commissioner: _____
Agency: _____

Date: _____

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

STATE OF ALASKA 1987, LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: _____

Bill Version: CSHB 40(Fin)
Publish Date: HOUSE 5/4/87

Revision Date: _____
Title: An Act creating Telecommuni-
cation Information Council
Sponsor: Boucher
Requestor: House Special Committee
on Telecommunications

Agency Affected: Office of the Governor
BRU: Office of Management & Budget

Component: Division of Policy

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		-0-				
TRAVEL		-0-				
CONTRACTUAL		-0-				
SUPPLIES		-0-				
EQUIPMENT		-0-				
LAND & STRUCTURES		-0-				
GRANTS, CLAIMS		-0-				
MISCELLANEOUS		-0-				
TOTAL OPERATING		-0-				
CAPITAL		-0-				
REVENUE		-0-				

FUNDING: (Thousands of Dollars)

GENERAL FUND		-0-				
FEDERAL FUNDS		-0-				
OTHER		-0-				
TOTAL		-0-				

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Professional and clerical support is to be provided by existing staff within the Office of the Governor and by agencies represented on the Telecommunication Information Council.

Prepared by: Representative ^{APA} Adams, Chair
Division: House Finance Committee

Phone: _____
Date: May 1, 1987

Approved by Commissioner: _____
Agency: _____

Date: _____

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
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- Senate Secretary

House Finance Committee
Letter of Intent
CSHB 40 (Fin)

It is the intent of the Legislature to provide a cabinet level body within the Office of the Governor, known as the Telecommunications Information Council, with the authority to establish, implement, and oversee information systems policy for the State of Alaska. The areas of responsibilities of the Council include information systems within state government and broadcast systems throughout the state.

To emphasize the importance that the Legislature attaches to the management of information resources, CSHB 40 (Fin) designates the Governor as chair of the Council and specifies membership of the Council as heads of state departments and the president of the University of Alaska.

It is the opinion of the Legislature that additional funding for the Council is not required. It is also the Legislature's intent that professional and clerical support is to be provided by existing staff within the Office of the Governor and by agencies represented on the Telecommunication Information Council.

It is the opinion of the Legislature that coordinated management of information resources, such as data processing and telecommunications, benefits not only government but the public as well by facilitating dissemination of information. It is also the opinion of the Legislature that coordinated management is cost-effective and will help counter the impact of declining oil revenues.

"Information systems" is not defined in the bill so that the Council may effectively respond to (1) rapid advances in information technology, and (2) issues which agencies, the university or the court system may wish the Council to address.

It is the intent of the Legislature that the Council not get involved in the design, development, management, and operation of intra-agency information systems unless these activities impact the broad, statewide information system policy guidelines.

It is the intent of the Legislature that the Council include the Alaska Railroad Corporation in their assessment of the state's information resources. On the 10th day of the first session of the 16th Legislature, the Council shall submit a report to the legislature which includes a specific recommendation on the elimination of the exemption to comply with this statute granted the Alaska Railroad Corporation under AS 44.19.519.

It is the intent of the Legislature that the state supported broadcast network be treated as an information system due to the technological convergence of voice and data networks. The Legislature intends that the Council assume primary responsibility for policy development for the broadcast system, so that the public's information needs are served.



Representative Al Adams, Chair
House Finance Committee

Original sponsor: Boucher

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 40 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act creating the Telecommunications Information
7 Council in the Office of the Governor; and providing
8 for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. PURPOSE. The purpose of this Act is to establish a coun-
11 cil to develop and implement a cost-effective policy for managing the
12 state's information and information technology resources in a comprehensive
13 and coordinated manner so that state government may better serve the people
14 of the state.

15 * Sec. 2. AS 44.19 is amended by adding new sections to read:

16 ARTICLE 16. TELECOMMUNICATIONS INFORMATION COUNCIL.

17 Sec. 44.19.502. TELECOMMUNICATIONS INFORMATION COUNCIL. (a)

18 There is created within the Office of the Governor the Telecommunica-
19 tions Information Council.

20 (b) The council is composed of the governor, the commissioner
21 from each principal department of the executive branch, the president
22 of the University of Alaska, and the executive director of the Legis-
23 lative Affairs Agency. The chief justice of the supreme court may ap-
24 point a member to serve on the council. Each commissioner shall
25 appoint a deputy commissioner to serve as an alternate for the
26 commissioner. The vice-president of the University of Alaska shall
27 serve as alternate for the president.

28 (c) The governor shall preside over the council. The council
29 shall meet at least four times each year. The council may meet more

1 frequently at the call of the chair or if requested by a majority of
2 the council's members.

3 (d) The Office of the Governor shall provide professional and
4 clerical staff for the council.

5 Sec. 44.19.504. POWERS AND DUTIES. (a) The council shall

6 (1) establish guidelines and prepare a state short-range
7 and long-range information systems plan to meet state needs;

8 (2) in accordance with the state information systems plan,
9 establish guidelines and direct state agencies to prepare agency
10 information systems plans;

11 (3) in accordance with statutes governing the availability
12 and confidentiality of information, establish guidelines for the
13 accessing of information by the public;

14 (4) publish in the first quarter of each calendar year a
15 report on the activities of the council.

16 (b) In addition to its duties under (a) of this section, the
17 council may establish information-related policies and engage in
18 information-related activities it considers necessary or appropriate.

19 (c) This section does not grant council responsibility for
20 broadcast programming content. Program design, production, and use
21 are the responsibility of the program-sponsoring agency or other
22 entity.

23 (d) This section does not prohibit a state agency from devel-
24 oping information systems that are inconsistent with the guidelines
25 established in (a) of this section if the council gives written au-
26 thorization for the user agency to engage in the independent design,
27 development, management, or operation. The council may authorize
28 independent development only upon a showing of necessity. A descrip-
29 tion of authorization under this subsection shall be included in the

1 annual report required under this section. Written authorization
2 under this subsection is not required for intra-agency use of micro-
3 computers.

4 (e) A state agency, including an agency authorized to develop an
5 independent system under (d) of this section, shall coordinate the
6 design, development, management, and operation of its information
7 systems with the council.

8 Sec. 44.19.506. COURT SYSTEM. The administrative director of
9 courts shall establish information systems guidelines and prepare a
10 short-range and long-range information systems plan for the court
11 system. The guidelines and plan must be consistent with the tele-
12 communications information guidelines and plan adopted by the council
13 under AS 44.19.502 - 44.19.519 and must be adapted to the special
14 needs of the judicial branch as determined by the administrator of
15 courts.

16 Sec. 44.19.519. DEFINITIONS. In AS 44.19.502 - 44.19.519

17 (1) "council" means the Telecommunications Information
18 Council;

19 (2) "state agencies" means all departments, divisions, and
20 offices in the executive and legislative branches of state government
21 and the University of Alaska; it does not mean the Alaska Railroad
22 Corporation or an agency of the judicial branch of government.

23 * Sec. 3. AS 44.21.150 is amended to read:

24 Sec. 44.21.150. DECLARATION OF PURPOSE. It is the purpose of
25 AS 44.21.150 - 44.21.170 to designate the Department of Administration
26 as the department responsible for the operation and management of
27 automatic data processing resources and activities of the executive
28 and legislative branches of state government and the judicial branch
29 to the extent requested by that branch, to provide for cooperation

1 between the department and the Telecommunications Information Council
2 in the Office of the Governor, and to provide for periodic review of
3 state automatic data processing procedures and mechanisms. It is
4 further the purpose of these sections to encourage cooperation between
5 the state government and local governments in the use of automatic
6 data processing systems.

7 * Sec. 4. AS 44.21.160(a) is amended to read:

8 (a) Except as otherwise provided in (g) of this section, the
9 department shall comply with the state information systems plan adopt-
10 ed by the Telecommunications Information Council in the Office of the
11 Governor in providing [PROVIDE] automatic data processing services
12 responsive to the needs of state government [AND PROCURE, OPERATE AND
13 STAFF ALL AUTOMATIC DATA PROCESSING EQUIPMENT FACILITIES USED BY STATE
14 GOVERNMENT].

15 * Sec. 5. AS 44.21.160(b) is amended to read:

16 (b) To carry out (a) of this section the department may, consis-
17 tent with the state information systems plan adopted by the Telecommu-
18 nications Information Council and with the departmental information
19 systems plan,

20 (1) maintain a central staff of systems analysts, computer
21 programmers and other staff members sufficient to provide systems
22 analysis and computer programming support required by the executive
23 and [,] legislative [AND JUDICIAL] branches of state government;

24 (2) develop and maintain both short-range and long-range
25 data processing plans for state government and provide managerial
26 leadership in the use of automatic data processing;

27 (3) review all budget requests for automatic data process-
28 ing services and recommend to the Telecommunications Information
29 Council and the governor approval, modification, or disapproval;

1 (4) recommend implementation priorities of requested data
2 processing systems;

3 (5) determine and satisfy the data processing equipment and
4 supply requirements of the executive and legislative branches, depart-
5 ments, and agencies of state government;

6 (6) provide all facilities, equipment, and staff required
7 to convert data to a form suitable for processing on automatic data
8 processing equipment;

9 (7) develop and publish systems analysis, computer program-
10 ming and computer operations standards;

11 (8) review state automatic data processing systems to
12 encourage effectiveness, measure performance, and assure adherence to
13 the standards developed under AS 44.21.150 - 44.21.170;

14 (9) develop and conduct an automatic data processing train-
15 ing program designed to serve the technical and managerial needs of
16 state government;

17 (10) [REQUIRE EACH STATE AGENCY TO PROCURE ITS AUTOMATIC
18 DATA PROCESSING SERVICES FROM THE DEPARTMENT;

19 (11)] charge a state agency or other governmental agency for
20 the cost of the automatic data processing services provided or pro-
21 cured by the department for the agency.

22 * Sec. 6. AS 44.21.160(d) is amended to read:

23 (d) In accordance with the state information systems plan adopt-
24 ed by the Telecommunications Information Council, the [THE] department
25 and the University of Alaska may develop and implement a plan for the
26 integration of automatic data processing facilities of the university
27 [UNIVERSITY OF ALASKA] with the state facilities. [HOWEVER, THE
28 INTEGRATION PLAN AUTHORIZED BY THIS SUBSECTION MAY NOT BE PUT INTO
29 OPERATION UNTIL APPROVED BY THE PRESIDENT OF THE UNIVERSITY OF ALASKA

1 AND THE DEPARTMENT.]

2 * Sec. 7. AS 44.21.160(e) is repealed and reenacted to read:

3 (e) If the action is not contrary to the state information
4 systems plan adopted by the Telecommunications Information Council,
5 this section does not prohibit

6 (1) the department from obtaining necessary contractual
7 assistance for automatic data processing activities;

8 (2) the legislature from recruiting and employing data
9 processing personnel or from obtaining necessary contractual assis-
10 tance for automatic data processing activities;

11 (3) the judicial branch from establishing independent data
12 processing policies and implementation procedures; however, the
13 policies and procedures must permit information exchange and imple-
14 mentation procedures compatible with other branches of government
15 whenever practical.

16 * Sec. 8. AS 44.21.266 is amended to read:

17 Sec. 44.21.266. DUTIES OF THE COMMISSION. The commission shall

18 (1) [REPEALED

19 (2) REPEALED

20 (3) REPEALED

21 (4)] apply for federal and private funds for public broad-
22 casting purposes and receive all federal, state, or private funds,
23 property or assistance that may be appropriated, granted or otherwise
24 made available to the commission for public broadcasting purposes, and
25 use and disburse funds and property for purposes consistent with the
26 terms of AS 44.21.256 - 44.21.290, subject to reasonable limitations
27 imposed by the grantor;

28 (2) [(5)] provide consultative services in all aspects of
29 public broadcasting to all public or private agencies in the state

1 which request them;

2 (3) [(6)] serve as a library and clearinghouse for public
3 broadcasting information;

4 (4) [(7) REPEALED

5 (8) REPEALED

6 (9)] through grants to qualified entities, develop an inte-
7 grated public broadcasting network for the state;

8 (5) [(10) REPEALED

9 (11)] through grants to qualified entities, develop and
10 distribute public broadcasting programming in the state;

11 (6) [(12)] prepare and submit to the governor and the
12 legislature, in compliance with the state information systems plan
13 adopted by [CONSULTATION WITH] the Telecommunications Information
14 Council in the Office of the Governor [TELECOMMUNICATIONS DIVISIONS IN
15 THE DEPARTMENT OF ADMINISTRATION], a long term plan for the develop-
16 ment of public broadcasting stations and systems in the state, and
17 annually update the plan; and

18 (7) [(13)] perform all other functions necessary to ensure
19 the orderly and coordinated development of public broadcasting in the
20 state.

21 * Sec. 9. AS 44.21.310(a) is amended to read:

22 (a) In accordance with the state information systems plan adopt-
23 ed by the Telecommunications Information Council and with the depart-
24 mental information systems plan, the [THE] department shall

25 (1) advise the council and the governor on matters of
26 policy and comprehensive state planning for telecommunications ser-
27 vices;

28 (2) make an annual report to the governor and to the legis-
29 lature on the activities of the department;

1 (3) coordinate, manage, and supervise state programs in
2 telecommunications, including the management of those telecommunica-
3 tion services for the state obtained from common carriers and from the
4 communications industry;

5 (4) when requested, provide technical and consulting assis-
6 tance to the executive, judicial, and legislative branches of state
7 government, to the University of Alaska, and to private noncommercial
8 entities which request that assistance in facility procurement and
9 leasing and in identifying long-range goals and objectives for the
10 state and its political subdivisions in all aspects of telecommunica-
11 tions, including public, educational, and instructional telecommunica-
12 tions;

13 (5) prepare and maintain a state comprehensive telecommu-
14 nications development plan to further state telecommunications devel-
15 opment and to meet state telecommunications needs and prepare and
16 maintain a comprehensive inventory of all state communications facil-
17 ities;

18 (6) whenever feasible, procure services from private enter-
19 prise or certified and franchised utilities and contract for the
20 construction, management, operation, and maintenance of telecommunica-
21 tions systems, and develop a procurement policy consistent with
22 AS 36.30 (State Procurement Code); the procurement policy must seek to
23 achieve the maximum benefit to the public, and methods of procurement,
24 including lease, purchase, rental, or combinations of lease, purchase,
25 and rental, must be selected on the basis of factors such as the ratio
26 of long-range costs versus benefits, life cycle costing, and the costs
27 to the communications industry to the extent that these costs may
28 affect local and long distance basic telephone rates; procurement,
29 contracting, construction, and maintenance under this paragraph is

1 governed by AS 36.30;

2 (7) provide information and assistance to state agencies to
3 promote governmental coordination and unity in the preparation of
4 agency plans and programs involving the use of telecommunications;

5 (8) apply for and accept federal and private money, proper-
6 ty, or assistance, that may be appropriated, granted, or otherwise
7 made available to the department and use and disburse money and prop-
8 erty for purposes consistent with AS 44.21.300 - 44.21.330 and AS 44.-
9 21.256 - 44.21.290, subject to reason-able limitations imposed by the
10 grantor;

11 (9) participate with other governmental units in planning,
12 and assist local governments and governmental conferences and councils
13 in the state in planning and coordinating their activities relating to
14 telecommunications;

15 (10) provide for the orderly transition to new telecommu-
16 nications services and systems by state agencies;

17 (11) serve as a clearinghouse for information, data, and
18 other materials which may be necessary or helpful to federal, state,
19 or local governmental agencies in the development of telecommunication
20 systems;

21 (12) coordinate department services and activities with
22 those of other state departments and agencies to the fullest extent
23 possible to avoid unnecessary duplication; and

24 (13) provide that all activities of the department are
25 responsive to state statutes and regulations, and to the regulations
26 and rulings of the Federal Communications Commission.

27 * Sec. 10. AS 44.21.315(a) is amended to read:

28 (a) In accordance with the state information systems plan adopt-
29 ed by the Telecommunications Information Council and with the

1 departmental information systems plan, the [THE] department shall pro-
2 vide

3 (1) technical consultation to educational and public tele-
4 communications users;

5 (2) coordination and support to telecommunications services
6 for instruction, including technical assistance and assistance in
7 preparation of applications for grants related to program development
8 as may be requested by

9 (A) public school districts and the Department of
10 Education;

11 (B) the University of Alaska; and

12 (C) other state agencies as approved by the [DEPUTY]
13 commissioner;

14 (3) coordination and support for health and safety-related
15 functions, including the administrative and client services provided
16 by state, federal, and private agencies;

17 (4) coordination and support to telecommunications services
18 for public participation in state-financed services, including the
19 public hearing process, as may be statutorily required or otherwise
20 appropriate;

21 (5) assistance, through design, development, and promotion,
22 to local school districts or other local and regional education agen-
23 cies for the regionalization of instructional telecommunications
24 services;

25 (6) establishment of operational policies for public tele-
26 communications services other than public broadcasting; and

27 (7) assistance to the Alaska Public Broadcasting Commission
28 and any commission-designated subcommittees, as necessary to perform
29 assigned department functions; the department shall cooperate with the

1 commission and subcommittees in order to develop policies which are
2 responsive to the user groups which are represented on the commission.

3 * Sec. 11. AS 44.21.320(e) is amended to read:

4 (e) Nothing in AS 44.21.300 - 44.21.330 prohibits a state agency
5 from developing telecommunications systems within its own agency if
6 the agency is in compliance with the state information systems plan
7 adopted by the Telecommunications Information Council and with the
8 agency's own information systems plan and if the commissioner gives
9 written authorization for the agency to engage in its own design,
10 development, management, or operation. The commissioner may authorize
11 independent development only upon a showing of necessity. A descrip-
12 tion of all authorization under this subsection must be included in
13 the annual report required under AS 44.21.310(a)(2).

14 * Sec. 12. This Act takes effect July 1, 1987.

Alaska State Legislature

POUCH V
JUNEAU, ALASKA 99811
(907) 465-4931

DISTRICT 10
BOX 111038
ANCHORAGE, ALASKA 99511
(907) 349-2192



CHAIRMAN
Special Committee on
Telecommunications

MEMBER
Labor and Commerce
State Affairs
Finance—Subcommittee Administration

Representative H. A. "Red" Boucher

TO: SENATOR DON BENNETT, CO-CHAIR
SENATOR JOHNE BINKLEY, CO-CHAIR
SENATE FINANCE COMMITTEE

FROM: H.A. "RED" BOUCHER *[Handwritten Signature]*

DATE: MAY 13, 1987

RE: HB 40 -- CREATING THE TELECOMMUNICATIONS INFORMATION
COUNCIL

I would sincerely appreciate it if you would schedule at your earliest convenience HB 40, the top priority legislation of the House Special Committee on Telecommunications.

Background information is attached.

SUMMARY OF CSHB 40

PURPOSE AND RATIONALE

To create a council to develop and implement policies for the management of the state's information resources.

Proper management of our information resources will allow state government to make major advances in how it serves the people without raising the cost of government.

Full participation in the "Information Age" requires that the state's information technology be harnessed and directed toward solving state problems and achieving state goals.

THE EFFECT OF THE BILL

- * Establishes an "information" policy and planning group within the Office of the Governor.
- * Begins comprehensive and coordinated "information resource management" planning for the state.
- * Merges telecommunications and data processing in the policy and planning process.

THE COUNCIL

- * Created within the the Office of the Governor.
- * Chaired by the governor.
- * Comprised of the commissioners from each of the principal state agencies.
- * Includes the University of Alaska; the university is a key member of the council due to the importance of the academic and educational aspects of the university system.
- * Relies on staff within each state agency for technical support. The Office of the Governor will also provide staff support.

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

400 WILLOUGHBY AVE.
JUNEAU, ALASKA 99801-1796
PHONE: (907) 465-2400

April 17, 1987

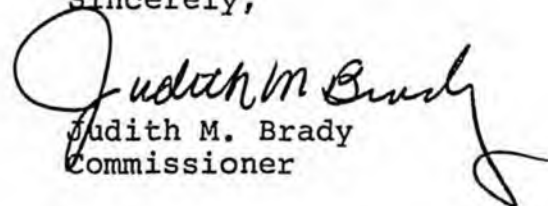
The Honorable H.A. "Red" Boucher
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99801

Dear Representative Boucher:

Your staff has requested a position paper on CS HB 40
(Telecommunications).

The Department supports the committee substitute. I would be willing to serve on the Telecommunications Information Council and support the activities of the Council with DNR staff within the constraints of our own staffing levels.

Sincerely,


Judith M. Brady
Commissioner

cc: James K. Barnett, Deputy Commissioner
Sharon L. Barton, Director,
Division of Management

JMB:rlc

STATE OF SOUTH CAROLINA
BUDGET AND CONTROL BOARD
DIVISION OF INFORMATION RESOURCE MANAGEMENT

1808 GERVAIS STREET
COLUMBIA, S.C. 29901
(803) 734-1400

HOLL A. CAMPBELL, JR., CHAIRMAN
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SENATE FINANCE COMMITTEE

ROBERT N. McLELLAN
CHAIRMAN
HOUSE WAYS AND MEANS COMMITTEE

JESSE A. COLES, JR., Ph.D.
EXECUTIVE DIRECTOR

April 21, 1987

Representative H.A. "Red" Boucher
Chairman
House Special Committee on Telecommunications
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Representative Boucher:

This is in response to your letter of April 15, 1987, regarding your request that I review and comment on the Bill CSHB 40, An Act creating the Telecommunications Information Council in the Office of the Governor, State of Alaska.

Based on our experience in South Carolina and a knowledge of the activities in this regard in other states, I feel the proposed bill should be a very positive step forward in bringing about a coordinated joint focus for improving the management of your State's information and information technology resources.

From a central state government standpoint, the proposed Bill should be a clear mandate charging the responsible agencies to move forward with the development of a definitive strategic IRM Plan which links overall long-term planning to improve the organization's ability to solve management problems and delivers services more effectively with the planning for information resources.

I feel the summary of CSHB 40 and definitions which you attached to the Bill are an excellent overview of the basic purpose and rationale, the effect of the Bill, the Council, and the definitions appropriate in connection with this Bill.

Representative H.A. "Red" Boucher
April 21, 1987
Page Two

I commend you on your efforts in creating this Act, and wish you continued success in bringing about its full adoption by the General Assembly and the Executive Branch of State Government in Alaska.

Sincerely,


Ted L. Lightle, Director

TLL/lr
0084/2

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF CORRECTIONS

REPLY TO:

POUCH T
JUNEAU, ALASKA 99811
PHONE: (907) 465-3376

April 20, 1987

The Honorable Al Adams
Chair
House Finance Committee
P.O. Box V
Juneau, Alaska 99811

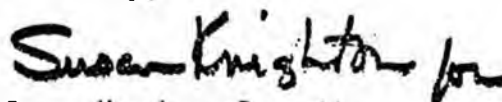
Dear Representative Adams:

I have reviewed CSHB 40, support the legislation, and urge its swift passage. It is a necessary and badly needed step toward bringing high level oversight to the management of the state's information resources.

The Department of Corrections relies heavily on the capabilities of the state's telecommunication network and has plans for expanded uses. We realize the importance of careful and coordinated planning so that current and future resources are there when we need them.

I look forward to serving on the council and will draw on the expertise within the department for technical support.

Sincerely,



Susan Humphrey-Barnett
Commissioner

SHB:cc

Technological advances yield savings, efficiency

by Joseph M. Chaisson

The information revolution is sweeping through our economy. No company can escape its effects. Dramatic reductions in the cost of obtaining, processing, and transmitting information are changing the way we do business."

Michael Porter & Victor Miller
The Harvard Business Review

H.A. "RED" BOUCHER
P.O. Box V
Juneau, Alaska 99811

The information revolution may be changing the way corporate America does business, but is it changing the way states conduct their "business"?

States are large, complex organizations whose "business" ranges from running lotteries and licensing motor vehicles to ensuring the delivery of public education and citizen access to adequate health care. The states' activities involve extensive transactions with citizens, vendors and constituents, as well as the task of processing and disseminating vast quantities of information.

Rapidly advancing telecommunications technology is constantly providing new ways to accomplish "old" communications tasks through services like computer conferencing, widespread mobile data communications or vehicle position location systems and reducing costs in the process.

At the same time, technological advances are dissolving boundaries between formerly separate information technologies and merging computer and telecommunications technology. This automation is in turn forcing change in markets, in-

Mr. Chaisson is a senior associate for telecommunications policy with the Council of State Policy and Planning Agencies.

dustry structure and public institutions that shape the telecommunications industry and user behavior.

The resultant turmoil presents both great opportunities and great challenges for states. On the one hand, telecommunications management has been rapidly transformed from a simple service order to a monopoly vendor to today's bewildering need to cope with soaring telecommunications costs and a complex, competitive, unreliable and difficult-to-forecast marketplace. These conditions greatly complicate the telecommunications manager's job, which Peter Keen likens in his recent book, *Competing in Time*, to "trying to change the tires on a moving car." On the other hand, new telecommunications capabilities offer states an opportunity to improve productivity, reduce costs, and improve public services — all within an environment of increasing fiscal austerity in many states.

Adapting to today's new telecommunications marketplace and putting new telecommunications capabilities to work will not be easy — as has been demonstrated by private sector efforts in recent years. Managing state telecommunications in order to reap the many benefits of the new information age will depend largely upon the level and endurance of commitment to that end among high-level state managers.

Given their size and complexity, it is not surprising that states are large telecommunications users. States jointly spent more than \$2 billion on telecommunications in 1985 (about 1 percent to 2 percent of all state expenditures for the

year). In most states, state government is the largest public network customer. California, for example, owns about 200,000 telephones and 15,000 computer terminals connected to about 150,000 telephone lines. In fiscal year 1985-86 alone, California spent about \$250 million on telecommunications.

Like many other large organizations, states are really just beginning to confront today's new telecommunications environment. Recent surveys characterize telecommunications management in a "typical" state as follows:

- central oversight of decentralized state agency telephone orders from local telephone companies;

- staff at decentralized data processing centers who take it upon themselves to manage data communications over many separate data networks;

- minimally integrated voice and data communications;

- data processing and telecommunications management generally located within the same agency, but not jointly managed;

- little telecommunications coordination between state universities and other branches of state government; and

- a separately established public broadcasting network managing the distribution of its own video and audio programming.

Some states have built and manage their own telecommunications networks, but generally have done so only when necessary to obtain services (typically video and mobile communications) not readily available from the Bell system. Few states begin to approach optimum use of existing telecommunications technology — much less of new capabilities like computer conferencing and portable data communications.

How states benefit

Pioneering developments in state and business telecommunications management include:

- a reduction of telecommunications costs typically at least 20

percent through improved service planning and procurement which could save states together about \$400 million per year;

- improved administrative efficiency within existing state program structures through better telecommunications use (typically 8-10 percent savings), which could save states \$24 to \$31 billion per year; and,

- the use of telecommunications to conduct state activities or deliver public services in new and more efficient ways (for example, using satellite telecommunications in Texas and Alaska for rural education or using "videotex" electronic on-line data systems to answer routine requests for state information as has been explored by South Carolina and New York).

Some states have logged impressive telecommunications success stories. Alaska, for example, has used telecommunications to deliver public services for more than a decade. Achievements include a network linking health aides at 120 remote sites to doctors in regional hospitals, an education network reaching more than 200 locations which is essential to meet the state policy to provide access to a full high school education in every Alaska village, and an audio teleconferencing network that enables citizens at 55 sites throughout Alaska to participate in legislative hearings. (See "The Alaska Satellite Experience: Lessons for the Developing World," by Walter D. Parker in *New Directions in Satellite Communications, Challenges for North and South*, Albex Press.)

Texas has reduced Medicaid program costs, saving about \$115 million in fiscal year 1984, by contracting its Medicaid insurance to a private vendor (Electronic Data Systems). In assuming some of the risk for the program, the vendor was allowed to benefit from reducing costs through greater efficiencies. The vendor has applied the latest telecommunications and information technologies to improve program management, achieving most cost savings by reducing improper payments.

Pennsylvania has completed a pilot program using point-of-sale terminals and magnetic strip cards to replace food stamps. Sales terminals in participating stores debit recipient cards when purchases are made and automatically add benefits to cards at the beginning of the month.

While productivity gains from improved coordination and procurement of existing services are substantial, they are clearly dwarfed by potential gains from better telecommunications use. Thus, state initiatives to improve telecommunications management should focus on the long-range objective of harnessing technology capabilities and not just on the remedial tasks of catching up with today's marketplace.

Improving management

Improving telecommunications management is a two-step process. First, states must adapt to the complex and newly competitive marketplace advancing technology has created by:

- coordinating telecommunications management throughout state government,

- integrating service requirements, and

- procuring services competitively.

Because advancing technology is dissolving barriers between previously distinct technologies, telecommunications management should be combined into an information resources management (IRM) function addressing all information technologies (as a handful of states like Kansas, South Carolina, and New Jersey have done).

States can learn much about taking this "first step" from how large business users are adjusting to today's telecommunications environment. Touche-Ross, a management consulting firm, summarized how such users have reorganized telecommunications management operations, in testimony before a California state commission:

Continued on page 27



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NASTD holds several regional meetings each year and a national conference in the fall. The 1987 annual conference will be held in Chicago, Illinois, October 17-23. NASTD also publishes a quarterly newsletter, *Gateway*. Staff assistance is provided through The Council of State Governments. For further information, contact Pamela Yost at The Council of State Governments in Lexington, KY, (606) 252-2291. □

Managing State . . .

from page 9

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- The central telecommunications division does not 'stand alone,' but is a part of a larger organization in which data processing, management information services, and data collection all report to the same executive.

Reorganization has paid off for these companies. The private sector companies who have reorganized report that total telecommunications costs were reduced by 20 percent because they were then able to implement more cost-effective telecommunications systems." (Commission on California State Government and Economy, *A Review of the Organization and Management of State Telecommunications*, by Joel Kugelmass.)

Once a foundation of sound telecommunications and information technology management is in place, states can take the more difficult second step of harnessing the full potential of these technologies. Experience to date suggests that for states to do so, they must:

- develop expertise on how to use new telecommunications and information technology capabilities within state government;
- make this expertise available to high-level policy and program planners to ensure they consider technology capabilities; and
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Taking these steps will require years of management work and much creativity. Public and private sector experience suggests the necessary effort to do so will not likely occur and achieve success without substantial and continuing attention by top level state managers. □

High tech . . .

from page 13

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High tech state officials join the information age

M.A. "RED" SOUCHER
P.O. Box V
Juneau, Alaska 99811

From the governor's office on down, state officials are getting friendly with computers and finding they make the business of government much easier to manage.



Lee Wing, executive director of the North Carolina Agency for Public Telecommunications and creator of the nation's first statewide satellite/cable public affairs network, practices what she preaches, putting technology to work for state government.

by Elaine S. Knapp

The governors of New Hampshire, North Carolina, Ohio, and Vermont know how. The lieutenant governor of Rhode Island wants to learn.

Those in the know are the hands-on users of personal computers and other technological advances of the information age. Not content to let computers be tools just for secretaries and statisticians, state policymakers from governors to legislators are discovering the advantages of applying high tech, modern communications to the low tech art of politics. *State Government News* made calls to find out how some state officials put high tech to use.

Officials who know how to log on can draft their own speeches electronically, peer into the status of state finances, find staff reports at night and on weekends, tap into nationwide information systems, or keep track of constituent requests and staff follow up.

Ohio Gov. Richard F. Celeste, a former lieutenant governor and Peace Corps director, made headlines for using a computer upon taking office in 1983. For example, Celeste most recently drafted his State of the State message electronically. He also uses a staff computer at the governor's residence on weekends on occasion. "He uses it for his own work, mostly for creative uses," reports Brian Usher, the governor's press secretary.

A former journalist, Vermont Gov. Madeleine Kunin uses her office computer to draft her own speeches, reports her secretary Karen O'Hagan, who then prints them out.

There's little danger of a \$45 million deficit ever sneaking up on New Hampshire again under the computer-aided watchfulness of Gov. John H. Sununu, who found

just that situation when he came to office in 1983. One of Sununu's first acts was to institute a computerized integrated financial system for the state, enabling agencies to keep track of their spending and revenues. Sununu can use his own computer at home, in the car or in the office to get an instant view of the state's financial situation.

"He doesn't have to wait 15 to 20 days for a written financial report," explains David Carney, the governor's deputy chief of staff. The governor's computer knowledge and access to information gives him a "better understanding of what's happening and better control," Carney adds.

In addition to state financial information, Sununu is also linked by computer with national data banks and communicates electronically on a national network. Likewise, the governor uses the computer to track the progress of bills during legislative sessions.

Use of computers by the 30 executive agencies from civil defense to state planning also promotes better communications with citizens. Every letter received by the governor's office, for example, is logged into the computer system, which enables the office to track the handling of constituent requests and complaints. Likewise, staff assignments are monitored by computer, a practice that "keeps us on our toes," notes Carney. The governor's schedule is automated, making it easy to know where he is and where he's been. All 2,000 appointments to state commissions and agencies for the next five years and qualifications for same are computerized.

A great believer in the use of high technology, Sununu won funds from the legislature to

enable teachers to have personal computers to ease their administrative burdens. Nearly 1,000 now have computers which they also take home.

North Carolina Gov. James G. Martin, who holds a Ph.D. in chemistry, drafted his State of the State message electronically when his office in the mansion went on line in December. The governor also appears on OPEN/net, a cable television programming service distributed by satellite. State government meetings are videotaped followed by live call-in sessions with state officials (see related article this issue).

"It's an effective vehicle not only for North Carolinians to know what Gov. Martin and the administration is doing, but border states as well," notes Karen Hayes Rotterman, director of communications for the governor. Likewise, a public service announcement taped by Martin thanking other states for their contributions of money and hay during the recent drought was distributed by satellite. Rotterman also used the state telecommunications system to provide radio feeds on the governor's activities in Japan during an overseas mission.

The producer of North Carolina's OPEN/net, Lee Wing, executive director of the Agency for Public Telecommunications, practices what she preaches by using teleconferencing to communicate with other states. In March 1986, Wing produced and appeared on a televised conference viewed by officials, educators, and private sector representatives in 30 other states. The program discussed the feasibility of starting a STATE/net or a coalition of states to share the costs of satellite transmission of television signals.

A pioneer in automating the bill drafting process, Dr. H. Rupert Theobald, chief of the Wisconsin Legislative Reference Bureau, uses his computer "all day long." Dr. Theobald's computerized system for bill drafting doubled the productivity of bill typists and provided bills for consideration by the second house, enrolled and typeset final copy for review by the governor, and updated reports on the im-

pact of new legislation on statute law.

"I don't write by hand. Everything goes through the computer," Theobald declares. His desk terminal can be used for entering text, editing, and searching.

"More and more people have computers at their work desks," Theobald observes. The Wisconsin legislature is also considering adding computers. "Younger legislators are pushing for computers," Theobald says.

One is Rep. David M. Travis, a member of the finance committee, who bought his own computer recently. "Legislatures tend to be populated with lawyers, insurance agents, and political scientists who are not technologically oriented. They are people people," Travis, a low-tech public administrator himself, explains in describing the biggest obstacle to bringing politics on line.

Travis, whose computer is temporarily out of order, already finds himself lost without it. Local high schools and constituents were communicating with him through the computer, which was serving as a legislative bulletin board for posting state documents. Constituents were able to leave messages

fling institutions" and computers can ease the burden. Budget cuts may "slow the computer age" in coming to legislatures, especially as funds for staff training are cut, but as more households with computers add modems to communicate, Travis sees politicians joining the information age.

Also in Wisconsin, Senate Minority Leader Susan Engelerter bought a computer system for her office in 1983. The staff uses it for mass and targeted mailings and issue tracking, says Patty Muschinski, Engelerter's secretary.

West Virginia Delegate Sam Love, Jr., an electronics technician, says a computer gives him a "definite advantage." He uses his for mailing lists, personalizing form letters, correspondence, research through national databanks, and checking computer bulletin boards. Computerized constituents leave him messages as well. He keeps up with schools and education issues via the state education association's computer network. Like Wisconsin's Travis, Love sees computers at legislators' desks in the future. "It will eliminate a lot of the paperwork," Love notes.

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as well. "Its uses are virtually limitless; I come up with new ideas every day," says Travis. Among them, he can work on staff memos and background drafts on weekends and nights, draft his own letters, and communicate directly with constituents. Computers also give the handicapped ready access to their elected representatives, Travis notes. Travis also has electronically mailed press releases — a practice which increases coverage as the technologically oriented press can easily revamp and use the computerized release.

"The Wisconsin legislature will be computerized in the not distant future," predicts Travis, who notes that "legislatures are paper shuf-

Some state officials are on-line at home, but have yet to find the time to learn different computer systems at work. Indiana Lt. Gov. John Mutz, for example, a home computer user and head of a state commission on telecommunications has yet to master the office computer. The lieutenant governor's office is also linked electronically with the governor's office, but the two leaders prefer to meet face to face, staff report.

Rhode Island Lt. Gov. Richard Licht sees the advantages of high technology for solving the flesh and blood problems of politics, and even has his own systems analyst

Continued on page 21



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MONEY

FRIDAY, APRIL 24, 1992 13

JUNEAU EMPIRE

Cable to link Alaska, Japan

THE ASSOCIATED PRESS
WASHINGTON — Pacific Telecom Cable, Inc., part of a communications company family that includes Alascom Inc., has announced that it has been granted a license by the Federal Communications Commission to land a new, high-capacity trans-Pacific fiber optic cable in Seattle and Anchorage.

The proposed cable will be the first direct fiber link between the United States and Japan, and has an

estimated cost of \$500 million. The venture is fully supported by the United States as serving national security interests through providing diverse routing for critical communications and as furthering competition in international communications.

Dennis W. Elliott, executive vice president and general manager of Pacific Telecom Cable, said that the new facility will provide voice, data, video and enhanced value-added services beginning in 1990 to financial institutions, corporate users with high traffic volumes, manufacturers and other common carriers, resellers and government agencies on both sides of the Pacific.

Blueprints for economic development

Local panel offers work program

By KIRK McALLISTER

THE JUNEAU EMPIRE
 A work plan devised by the Juneau Economic Development Council for the next two budget years would create 300 or more new jobs in Juneau as well as improve existing businesses and attract new ones, according to supporters of the plan.

The plan, prepared by the nine-member council with help from the McDowell Group and Robinson and Associates, was presented to the Juneau City-Borough Assembly this week.

Paul Fletcher, executive assistant for the council, has been working half days for three weeks out of the Juneau Chamber of Commerce office.

Fletcher, former director of the Office of Enterprise in the state Department of Commerce and Economic Development, is being paid by the McDowell Group under the consultant's \$52,000 work plan contract with the city.

Last year, the assembly appropriated \$169,000 for the Economic Development Council's activities, but only \$35,000 of that has been spent, Fletcher said. This year's council request asks for the remaining \$135,000 to be re-appropriated plus an additional \$85,000 for a total of \$220,000. The assembly approved that funding earlier this week.

In addition, the group expects to raise \$142,500 from federal and private sources.

The work program is divided into three broad areas — short-term survival of jobs and businesses during the current economic crisis, retention and expansion of existing businesses and attracting new businesses.

One important part of the council's work will be to collect relevant statistics, since part of the current economic stagnation is the result of fear and misconceptions, Fletcher said.

For example, many local residents have the impression hundreds of government jobs have been lost in Juneau, but in fact it was private sector jobs, nearly 700 of them, that have been lost since 1985. This year, however, about 350 state jobs are expected to be cut in Juneau.

The council work plan also calls for offering technical assistance to

Juneau businesses to decrease the failure rate and to assist unemployed and underemployed residents to develop small businesses.

To help make money available for that, the council, as a non-profit, quasi-governmental organization, will become eligible for grants such as those from the federal Economic Development Administration and Housing and Urban Development programs as well as state grants and those from private foundations.

The goal of all this is to increase employment, reduce the number of businesses leaving Juneau, increase sales tax receipts and increase the number of federal, state and local contracts awarded to Juneau businesses.

In the long term, the council wants to stimulate development of Juneau in the following areas:

- Help Juneau become a regional retail and services distribution center.
- Promote the growth of tourism.
- Promote natural resource development of fishing, timber and mining.
- Promote research and development in the business community through the University of Alaska-Juneau.

Concerning capital construction, the council's top priority is investigating the pros and cons of a port and industrial area in North Douglas.

"Juneau has great potential, there's a lot of brain power and potential entrepreneurs here," Fletcher said. "There is opportunity for growth in tourism and supplying the coming mining industry. As state and local governments cut back, there will also be contracts available to the private sector to supply some of those services."

By reaching out with new initiatives in economic development, Fletcher said Juneau follows a trend that has happened in many other places around the country during hard economic times. Anchorage, Kenai, Kodiak, Ketchikan, Sitka and Fairbanks have similar programs.

"At times like this a community has two choices — to sit around and react or to get involved in marketing their city," Fletcher said. "I'm glad that Juneau has chosen to get involved."

Symposium views regional strategy

By KIRK McALLISTER

THE JUNEAU EMPIRE
 How to survive the slings and arrows of today's uncertain economy as well as plan for a robust future are some of the topics that will be tackled during a two-day symposium on the economic future of Southeast Alaska.

The event, May 1-2 in Centennial Hall, will feature guest speakers including Gov. Steve Cowper; Tony Smith, commissioner of Commerce and Economic Development; David Hoffman, commissioner of Community and Regional Affairs; Tony Penikett, Yukon government leader; Byron Mallott, chief executive officer of Sealaska Corp.; and House Speaker Ben Grosscurd, D-Sitka.

The symposium began as an idea by the Glacier Valley Rotary Club for a small local meeting concerning economic development in the Juneau community and discussion of small business issues.

But it grew in concept to a regional conference, said Patrick Anderson, director of the Alaska Economic Development Center at the University of Alaska-Juneau. Between 200 and 300 people are expected at the event.

The symposium is sponsored by an ad hoc steering committee of business and government leaders from throughout Southeast. Co-chairmen of the committee are Juneau Mayor Ernie Polley and Bill Howe, president and chief operating officer of Sealaska Corp.

The meeting has three major themes:

- Providing relevant information about the current state of the Southeast economy.
- Providing instruction in development tools for community leaders and helping small business survive during an economic recession. Several workshops will be offered on this topic.
- Working on problems facing the Southeast economy. These include dependence on natural resources, capital investment and capital needs, and the labor force and training programs needed to make the economy more diverse and dynamic.

"We want to get full participation

BUSINESS NEWS

in the symposium from every sector of the economy whether public or private and from every community in Southeast," Polley said. "Then we can sit down and analyze our resources, focus on those problems which are unique to our region and identify opportunities for future action."

Anderson, who is a member of the steering committee, said that region-wide marketing strategies would be beneficial to the entire Southeast economy. The Southeast Tourism Council has already successfully done this, and communities could unite on other common interests such as improving the ferry system and attracting outside funding or creating a network for providing venture capital.

"One possibility is to create a regional development entity that could connect ideas and investors," Anderson said. "It could also be used to attract primary and secondary processing of natural resources and be a clearinghouse for economic research."

Such a development group could be patterned after the Seattle-King County and Tacoma-Pierce County economic development boards. Mark Smith, an economic development consultant from Tacoma, will speak at the symposium.

Like many areas of the country, Southeast is changing from an industrial to a service economy, Anderson said. Because of that, continuing education and retraining programs will be needed to keep workers employed. An example would be training of local residents for mining jobs at the Greens Creek mine, tentatively scheduled to open in the summer of 1998.

A \$50 registration fee for the symposium covers all the workshops, two lunches and the banquet where the governor will speak. For more information call 789-4102.

STOCKS

THE ASSOCIATED PRESS

NEW YORK — Friday 4 p.m.

Industrial prices for New York

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Technological advances yield savings, efficiency

by Joseph M. Chalsson

The information revolution is sweeping through our economy. No company can escape its effects. Dramatic reductions in the cost of obtaining, processing, and transmitting information are changing the way we do business."

Michael Porter & Victor Miller
The Harvard Business Review

The information revolution may be changing the way corporate America does business, but is it changing the way states conduct their "business"?

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Given their size and complexity, it is not surprising that states are large telecommunications users. States jointly spent more than \$2 billion on telecommunications in 1985 (about 1 percent to 2 percent of all state expenditures for the

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year). In most states, state government is the largest public network customer. California, for example, owns about 200,000 telephones and 15,000 computer terminals connected to about 150,000 telephone lines. In fiscal year 1985-86 alone, California spent about \$250 million on telecommunications.

Like many other large organizations, states are really just beginning to confront today's new telecommunications environment. Recent surveys characterize telecommunications management in a "typical" state as follows:

- central oversight of decentralized state agency telephone orders from local telephone companies;

- staff at decentralized data processing centers who take it upon themselves to manage data communications over many separate data networks;

- minimally integrated voice and data communications;

- data processing and telecommunications management generally located within the same agency, but not jointly managed;

- little telecommunications coordination between state universities and other branches of state government; and

- a separately established public broadcasting network managing the distribution of its own video and audio programming.

Some states have built and manage their own telecommunications networks, but generally have done so only when necessary to obtain services (typically video and mobile communications) not readily available from the Bell system. Few states begin to approach optimum use of existing telecommunications technology — much less of new capabilities like computer conferencing and portable data communications.

How states benefit

Pioneering developments in state and business telecommunications management include:

- a reduction of telecommunications costs typically at least 20

percent through improved service planning and procurement which could save states together about \$400 million per year;

- improved administrative efficiency within existing state program structures through better telecommunications use (typically 3-10 percent savings), which could save states \$24 to \$31 billion per year; and,

- the use of telecommunications to conduct state activities or deliver public services in new and more efficient ways (for example, using satellite telecommunications in Texas and Alaska for rural education or using "videotex" electronic on-line data systems to answer routine requests for state information as has been explored by South Carolina and New York).

Some states have logged impressive telecommunications success stories. Alaska, for example, has used telecommunications to deliver public services for more than a decade. Achievements include a network linking health aides at 120 remote sites to doctors in regional hospitals, an education network reaching more than 200 locations which is essential to meet the state policy to provide access to a full high school education in every Alaska village, and an audio teleconferencing network that enables citizens at 55 sites throughout Alaska to participate in legislative hearings. (See "The Alaska Satellite Experience: Lessons for the Developing World," by Walter D. Parker in *New Directions in Satellite Communications, Challenges for North and South*, Albex Press.)

Texas has reduced Medicaid program costs, saving about \$115 million in fiscal year 1984, by contracting its Medicaid insurance to a private vendor (Electronic Data Systems). In assuming some of the risk for the program, the vendor was allowed to benefit from reducing costs through greater efficiencies. The vendor has applied the latest telecommunications and information technologies to improve program management, achieving most cost savings by reducing improper payments.

Pennsylvania has completed a pilot program using point-of-sale terminals and magnetic strip cards to replace food stamps. Sales terminals in participating stores debit recipient cards when purchases are made and automatically add benefits to cards at the beginning of the month.

While productivity gains from improved coordination and procurement of existing services are substantial, they are clearly dwarfed by potential gains from better telecommunications use. Thus, state initiatives to improve telecommunications management should focus on the long-range objective of harnessing technology capabilities and not just on the remedial tasks of catching up with today's marketplace.

improving management

Improving telecommunications management is a two-step process. First, states must adapt to the complex and newly competitive marketplace advancing technology has created by:

- coordinating telecommunications management throughout state government,

- integrating service requirements, and

- procuring services competitively.

Because advancing technology is dissolving barriers between previously distinct technologies, telecommunications management should be combined into an information resources management (IRM) function addressing all information technologies as a handful of states like Kansas, South Carolina, and New Jersey have done).

States can learn much about taking this "first step" from how large business users are adjusting to today's telecommunications environment. Touche-Ross, a management consulting firm, summarized how such users have reorganized telecommunications management operations, in testimony before a California state commission:

Continued on page 27



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NASTD holds several regional meetings each year and a national conference in the fall. The 1987 annual conference will be held in Chicago, Illinois, October 17-23. NASTD also publishes a quarterly newsletter, *Gateway*. Staff assistance is provided through The Council of State Governments. For further information, contact Pamela Yost at The Council of State Governments in Lexington, KY, (606) 252-2291. □

Managing State . . .

from page 9

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Reorganization has paid off for these companies. The private sector companies who have reorganized report that total telecommunications costs were reduced by 20 percent because they were then able to implement more cost-effective telecommunications systems." (Commission on California State Government and Economy, *A Review of the Organization and Management of State Telecommunications*, by Joel Kugelmass.)

Once a foundation of sound telecommunications and information technology management is in place, states can take the more difficult second step of harnessing the full potential of these technologies. Experience to date suggests that for states to do so, they must:

- develop expertise on how to use new telecommunications and information technology capabilities within state government;
- make this expertise available to high-level policy and program planners to ensure they consider technology capabilities; and
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Taking these steps will require years of management work and much creativity. Public and private sector experience suggests the necessary effort to do so will not likely occur and achieve success without substantial and continuing attention by top level state managers. □

High tech . . .

from page 13

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The Florida governor's office is moving ahead with its automation plans, in the midst of the transition to the new administration of Gov. Bob Martinez, says Barbara Foster, director of the governor's Office of Information Services. Although the system primarily automates secretarial functions, Foster sees a new software program, FOCUS, as the way to getting policymakers involved. FOCUS will be able to search all data bases hooked up to the governor's office. Meanwhile, the governor's office computers have telecommunications links with the state's D.C. office and are on a local area network with the Hospital Cost Containment Board and other independent commissions located at other sites in Tallahassee. Soon the governor's mansion will be connected with the office as well. The governor's chief advisors are eager to get their own terminals. Foster says. □

High tech state officials join the information age

H.A. "RED" SOU...
P.O. Box V
Juneau, Alaska

by Elaine S. Knapp

From the governor's office on down, state officials are getting friendly with computers and finding they make the business of government much easier to manage.



Lee Wing, executive director of the North Carolina Agency for Public Telecommunications and creator of the nation's first statewide satellite/cable public affairs network, practices what she preaches, putting technology to work for state government.

The governors of New Hampshire, North Carolina, Ohio, and Vermont know how. The lieutenant governor of Rhode Island wants to learn.

Those in the know are the hands-on users of personal computers and other technological advances of the information age. Not content to let computers be tools just for secretaries and statisticians, state policymakers from governors to legislators are discovering the advantages of applying high tech, modern communications to the low tech art of politics. *State Government News* made calls to find out how some state officials put high tech to use.

Officials who know how to log on can draft their own speeches electronically, peer into the status of state finances, find staff reports at night and on weekends, tap into nationwide information systems, or keep track of constituent requests and staff follow up.

Ohio Gov. Richard F. Celeste, a former lieutenant governor and Peace Corps director, made headlines for using a computer upon taking office in 1983. For example, Celeste most recently drafted his State of the State message electronically. He also uses a staff computer at the governor's residence on weekends on occasion. "He uses it for his own work, mostly for creative uses," reports Brian Usher, the governor's press secretary.

A former journalist, Vermont Gov. Madeleine Kunin uses her office computer to draft her own speeches, reports her secretary Karen O'Hagan, who then prints them out.

There's little danger of a \$45 million deficit ever sneaking up on New Hampshire again under the computer-aided watchfulness of Gov. John H. Sununu, who found

just that situation when he came to office in 1983. One of Sununu's first acts was to institute a computerized integrated financial system for the state, enabling agencies to keep track of their spending and revenues. Sununu can use his own computer at home, in the car or in the office to get an instant view of the state's financial situation.

"He doesn't have to wait 15 to 20 days for a written financial report," explains David Carney, the governor's deputy chief of staff. The governor's computer knowledge and access to information gives him a "better understanding of what's happening and better control," Carney adds.

In addition to state financial information, Sununu is also linked by computer with national data banks and communicates electronically on a national network. Likewise, the governor uses the computer to track the progress of bills during legislative sessions.

Use of computers by the 30 executive agencies from civil defense to state planning also promotes better communications with citizens. Every letter received by the governor's office, for example, is logged into the computer system, which enables the office to track the handling of constituent requests and complaints. Likewise, staff assignments are monitored by computer, a practice that "keeps us on our toes," notes Carney. The governor's schedule is automated, making it easy to know where he is and where he's been. All 2,000 appointments to state commissions and agencies for the next five years and qualifications for same are computerized.

A great believer in the use of high technology, Sununu won funds from the legislature to

enable teachers to have personal computers to ease their administrative burdens. Nearly 1,000 now have computers which they also take home.

North Carolina Gov. James G. Martin, who holds a Ph.D. in chemistry, drafted his State of the State message electronically when his office in the mansion went on line in December. The governor also appears on OPEN/net, a cable television programming service distributed by satellite. State government meetings are videotaped followed by live call-in sessions with state officials (see related article this issue).

"It's an effective vehicle not only for North Carolinians to know what Gov. Martin and the administration is doing, but border states as well," notes Karen Hayes Rotterman, director of communications for the governor. Likewise, a public service announcement taped by Martin thanking other states for their contributions of money and hay during the recent drought was distributed by satellite. Rotterman also used the state telecommunications system to provide radio feeds on the governor's activities in Japan during an overseas mission.

The producer of North Carolina's OPEN/net, Lee Wing, executive director of the Agency for Public Telecommunications, practices what she preaches by using teleconferencing to communicate with other states. In March 1986, Wing produced and appeared on a televised conference viewed by officials, educators, and private sector representatives in 30 other states. The program discussed the feasibility of starting a STATE/net or a coalition of states to share the costs of satellite transmission of television signals.

A pioneer in automating the bill drafting process, Dr. H. Rupert Theobald, chief of the Wisconsin Legislative Reference Bureau, uses his computer "all day long." Dr. Theobald's computerized system for bill drafting doubled the productivity of bill typists and provided bills for consideration by the second house, enrolled and typeset final copy for review by the governor, and updated reports on the im-

port of new legislation on statute law.

"I don't write by hand. Everything goes through the computer," Theobald declares. His desk terminal can be used for entering text, editing, and searching.

"More and more people have computers at their work desks," Theobald observes. The Wisconsin legislature is also considering adding computers. "Younger legislators are pushing for computers," Theobald says.

One is Rep. David M. Travis, a member of the finance committee, who bought his own computer recently. "Legislatures tend to be populated with lawyers, insurance agents, and political scientists who are not technologically oriented. They are people people," Travis, a low-tech public administrator himself, explains in describing the biggest obstacle to bringing politics on line.

Travis, whose computer is temporarily out of order, already finds himself lost without it. Local high schools and constituents were communicating with him through the computer, which was serving as a legislative bulletin board for posting state documents. Constituents were able to leave messages

fling institutions" and computers can ease the burden. Budget cuts may "slow the computer age" in coming to legislatures, especially as funds for staff training are cut, but as more households with computers add modems to communicate, Travis sees politicians joining the information age.

Also in Wisconsin, Senate Minority Leader Susan Engelerter bought a computer system for her office in 1983. The staff uses it for mass and targeted mailings and issue tracking, says Patty Muschinski, Engelerter's secretary.

West Virginia Delegate Sam Love, Jr., an electronics technician, says a computer gives him a "definite advantage." He uses his for mailing lists, personalizing form letters, correspondence, research through national databanks, and checking computer bulletin boards. Computerized constituents leave him messages as well. He keeps up with schools and education issues via the state education association's computer network. Like Wisconsin's Travis, Love sees computers at legislators' desks in the future. "It will eliminate a lot of the paperwork," Love notes.

"Legislatures tend to be populated with lawyers, insurance agents, and political scientists who are not technologically oriented. They are people people."

as well. "Its uses are virtually limitless; I come up with new ideas every day," says Travis. Among them, he can work on staff memos and background drafts on weekends and nights, draft his own letters, and communicate directly with constituents. Computers also give the handicapped ready access to their elected representatives, Travis notes. Travis also has electronically mailed press releases — a practice which increases coverage as the technologically oriented press can easily revamp and use the computerized release.

"The Wisconsin legislature will be computerized in the not distant future," predicts Travis, who notes that "legislatures are paper shuf-

Some state officials are on-line at home, but have yet to find the time to learn different computer systems at work. Indiana Lt. Gov. John Mutz, for example, a home computer user and head of a state commission on telecommunications has yet to master the office computer. The lieutenant governor's office is also linked electronically with the governor's office, but the two leaders prefer to meet face to face, staff report.

Rhode Island Lt. Gov. Richard Licht sees the advantages of high technology for solving the flesh and blood problems of politics, and even has his own systems analyst

Continued on page 21



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MONEY

Cable to link Alaska, Japan

THE ASSOCIATED PRESS WASHINGTON

Pacific Telecom Cable, Inc., part of a communications company family that includes Alascom Inc., has announced that it has been granted a license by the Federal Communications Commission to land a new, high-capacity trans-Pacific fiber optic cable in Seattle and Anchorage.

The proposed cable will be the first direct fiber link between the United States and Japan, and has an

estimated cost of \$500 million. The venture is fully supported by the United States as serving national security interests through providing diverse routing for critical communications and as furthering competition in international communications.

Dennis W. Elliott, executive vice president and general manager of Pacific Telecom Cable, said that the new facility will provide voice, data, video and enhanced value-added services beginning in 1990 to financial institutions, corporate users with high traffic volumes, manufacturers and other common carriers, resellers and government agencies on both sides of the Pacific.

Blueprints for economic development

Local panel offers work program

By KIRK McALLISTER

THE JUNEAU EMPIRE

A work plan devised by the Juneau Economic Development Council for the next two budget years would create 300 or more new jobs in Juneau as well as improve existing businesses and attract new ones, according to supporters of the plan.

The plan, prepared by the nine-member council with help from the McDowell Group and Robinson and Associates, was presented to the Juneau City-Borough Assembly this week.

Paul Fletcher, executive assistant for the council, has been working half days for three weeks out of the Juneau Chamber of Commerce office.

Fletcher, former director of the Office of Enterprise in the state Department of Commerce and Economic Development, is being paid by the McDowell Group under the consultant's \$52,000 work plan contract with the city.

Last year, the assembly appropriated \$169,000 for the Economic Development Council's activities, but only \$35,000 of that has been spent, Fletcher said. This year's council request asks for the remaining \$135,000 to be re-appropriated plus an additional \$85,000 for a total of \$220,000. The assembly approved that funding earlier this week.

In addition, the group expects to raise \$142,500 from federal and private sources.

The work program is divided into three broad areas - short-term survival of jobs and businesses during the current economic crisis, retention and expansion of existing businesses and attracting new businesses.

One important part of the council's work will be to collect relevant statistics, since part of the current economic stagnation is the result of fear and misconceptions, Fletcher said.

For example, many local residents have the impression hundreds of government jobs have been lost in Juneau, but in fact it was private sector jobs, nearly 700 of them, that have been lost since 1985. This year, however, about 350 state jobs are expected to be cut in Juneau.

The council work plan also calls for offering technical assistance to

Juneau businesses to decrease the failure rate and to assist unemployed and underemployed residents to develop small businesses.

To help make money available for that, the council, as a non-profit, quasi-governmental organization, will become eligible for grants such as those from the federal Economic Development Administration and Housing and Urban Development programs as well as state grants and those from private foundations.

The goal of all this is to increase employment, reduce the number of businesses leaving Juneau, increase sales tax receipts and increase the number of federal, state and local contracts awarded to Juneau businesses.

In the long term, the council wants to stimulate development of Juneau in the following areas:

- Help Juneau become a regional retail and services distribution center.
- Promote the growth of tourism.
- Promote natural resource development of fishing, timber and mining.
- Promote research and development in the business community through the University of Alaska-Juneau.

Concerning capital construction, the council's top priority is investigating the pros and cons of a port and industrial area in North Douglas.

"Juneau has great potential, there's lots of brain power and potential entrepreneurs here," Fletcher said. "There is opportunity for growth in tourism and supplying the coming mining industry. As state and local governments cut back, there will also be contracts available to the private sector to supply some of those services."

By reaching out with new initiatives in economic development, Fletcher said Juneau follows a trend that has happened in many other places around the country during hard economic times. Anchorage, Kenai, Kodiak, Ketchikan, Sitka and Fairbanks have similar programs.

"At times like this a community has two choices - to sit around and react or to get involved in marketing their city," Fletcher said. "I'm glad that Juneau has chosen to get involved."

Symposium views regional strategy

By KIRK McALLISTER

THE JUNEAU EMPIRE

How to survive the slings and arrows of today's uncertain economy as well as plan for a robust future are some of the topics that will be tackled during a two-day symposium on the economic future of Southeast Alaska.

The event, May 1-2 in Centennial Hall, will feature guest speakers including Gov. Steve Cowper; Tony Smith, commissioner of Commerce and Economic Development; David Hoffman, commissioner of Community and Regional Affairs; Tony Penikett, Yukon government leader; Byron Mallott, chief executive officer of Sealaska Corp.; and House Speaker Ben Grussendorf, D-Sitka.

The symposium began as an idea by the Glacier Valley Rotary Club for a small local meeting concerning economic development in the Juneau community and discussion of small business issues.

But it grew in concept to a regional conference, said Patrick Anderson, director of the Alaska Economic Development Center at the University of Alaska-Juneau. Between 200 and 300 people are expected at the event.

The symposium is sponsored by an ad hoc steering committee of business and government leaders from throughout Southeast. Co-chairmen of the committee are Juneau Mayor Ernie Polley and Bill Howe, president and chief operating officer of Sealaska Corp.

The meeting has three major themes:

- Providing relevant information about the current state of the Southeast economy.
- Providing instruction in development tools for community leaders and helping small business survive during an economic recession. Several workshops will be offered on this topic.
- Working on problems facing the Southeast economy. These include dependence on natural resources, capital investment and capital needs, and the labor force and training programs needed to make the economy more diverse and dynamic.

"We want to get full participation

BUSINESS NEWS

in the symposium from every sector of the economy whether public or private and from every community in Southeast." Polley said. "Then we can sit down and analyze our resources, focus on those problems which are unique to our region and identify opportunities for future action."

Anderson, who is a member of the steering committee, said that regional marketing strategies would be beneficial to the entire Southeast economy. The Southeast Tourism Council has already successfully done this, and communities could unite on other common interests such as improving the ferry system and attracting outside funding or creating a network for providing venture capital.

"One possibility is to create a regional development entity that could connect ideas and investors," Anderson said. "It could also be used to attract primary and secondary processing of natural resources and be a clearinghouse for economic research."

Such a development group could be patterned after the Seattle King County and Tacoma-Pierce County economic development boards. Mark Smith, an economic development consultant from Tacoma, will speak at the symposium.

Like many areas of the country, Southeast is changing from an industrial to a service economy, Anderson said. Because of that, continuing education and retraining programs will be needed to keep workers employed. An example would be training of local residents for mining jobs at the Greens Creek mine, tentatively scheduled to open in the summer of 1988.

A \$50 registration fee for the symposium covers all the workshops, two lunches and the banquet where the governor will speak. For more information call 759-1102.

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The World Information Economy

Stewart Brand interviews

Peter Schwartz

and Jay Ogilvy

Money, in essence, is a type of information. And in the place where we are headed (what magazines like to call the global village), the equation flips, and information sometimes behaves like money. This little-perceived relationship is one aspect of a global Financial and Communications Complex that has been knitting itself together so rapidly that nobody understands how it works.

There are some clues we should probably pay attention to. Fashion — rapid breathless cycles of fashion — rather than being a symptom of decadence seems to be a communication mechanism in this new ecology. The meaning of debt is unclear. The only voices I've heard that have enlightened this cloud of unknowing have come from this interview with Stewart Brand, Peter Schwartz, and Jay Ogilvy. Peter Schwartz is formerly head of Business Environment, part of the Strategic Planning Department at Royal Dutch Shell Group in London. Jay Ogilvy is Director of Research at SRI International, where he worked on formulating the VALS marketing research tool. Stewart Brand was in London consulting for Shell and organizing his new book, The Media Lab, for which this interview was done. It was taped in April, 1986 at the Charles Hotel, London, in one hour.

—Kevin Kelly

STEWART BRAND: The topic is communication and technology. What are they doing and what are the consequences? Peter, you mentioned to me four things that are generating a new game around the world.

PETER SCHWARTZ: Yes. These four things are finance, recorded entertainment, computing, and telecommunications. They are intersecting. Our technology has progressed to a point where the driving force of our wealth, that is our wealth-creation process, increasingly has to do with information. Not too long ago the manufacture of things like textiles and steel and automobiles were the driving structures out of which industrialism emerged. The winners in that game profited from mass production, economics of scale and low-cost resources. Now, the value added in transforming material is related to our capacity to understand and use information in various ways. If that's the case, what we want to know is, how are the rules of this new game going to be written?

The principal technologies involved are telecommunications and computing. And the two great systems that will use them predominantly are finance and recorded entertainment. By recorded entertainment I mean television, movies, music, and so on, on a worldwide scale. I single out these two systems because, in both cases, the markets and products are becoming increasingly global and accelerated by rapidly advancing technology. This game feeds on itself. Toward the end of the '70s, foreign exchange transactions hit an exponential curve at \$3 trillion. By 1984, I think it was \$30 trillion. The newest figures show \$65 trillion — another doubling since last year, and twenty times the annual U.S. Gross National Product. I'm sure this growth is not permanent, but it is several times the world GNP.

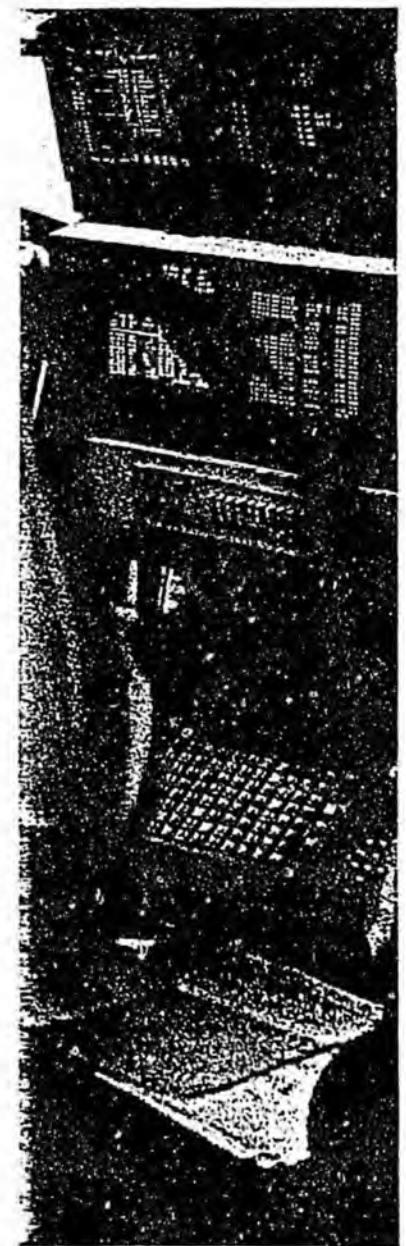
This acceleration began with the 1973 oil price crisis and the breakdown of the Breton Woods exchange rate agreement, leading to a more volatile dollar. Enormous amounts of money flowed from oil importers to oil exporters and back out again into the international financial system.

If the dollar only moves a tenth of a penny over three weeks, that is no game to play. But if it moves three or four cents in a day and you've got a billion bucks here and five billion bucks there, you can make serious money in a series of incremental moves. So we decide to play. However, we must have an adequate computer system to keep track of where our money is. The medium of communication for all this electronic money is essentially a computer

in one country talking to a computer in another country, pouring out vast volumes of data very, very rapidly. It's a 24-hour-a-day, worldwide, communication game, and information technology is what makes it possible.

For example, let's say we decide to play the interest rate arbitrage game. We have an enormous amount of cash, and we can put it anywhere we want. We allow our cash to be used to cover the differential between money that Citibank of Tokyo wants to lend to Citibank of Paris, and that difference is maybe a tenth of one percent on one billion dollars in a day. Our profit is quite trivial, but there's virtually *no risk*. Then we can put it over here, and then in the morning move it over there. In the afternoon we move it again, and go around the world 24 hours a day, making a few tens of millions in the absolutely risk-free game of allowing people to use our money to handle short-term differences measured in hours and sometimes even minutes. It may just be the difference of 14.27 percent interest versus 14.28 percent interest.

The physical activity of the world is not driving the value of currencies any longer. It's all this money sloshing around the world — a classic case of the tail wagging the dog. In fact, the dog has really become quite trivial. The actual money needed for physical trade is now a minute part of the dominant movement of money in the world. In this case the movement of money itself has become the game, and that shift is consequential in several ways. First, it's an extremely difficult and unstable system to manage. The fluidity and scales are so large that the U.S., the biggest economy in the world, has a GNP only 5 percent of that figure. Second, the scope for any individual country to manage its own economic affairs is so much less because these financial exchange flows are so much greater than industrial trade flows. And third, we don't understand it. At Royal Dutch Shell we've just done an analysis of the new kinds of financial instruments, and what is absolutely clear to me is that it is a system out of control. Nobody really understands it. People innovate new mechanisms — a new way of financing or selling a particular kind of security or a different way of coaggregating money and reselling it. The mechanisms are commercially viable, but nobody knows what the consequences are. And historically, the catalyst which has precipitated a depression has been the collapse of the meaning of money. That's what happened last time — money lost its meaning. When these mechanisms go completely out of control, there is enormous danger. ▶



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Take, for example, the whole Latin American debt crisis. One reason it occurred was the significant interbank lending which was in effect involuntary. Mechanisms had been set up for moving money from here to there, and no one questioned them. Over the course of two or three months, a lot of short-term money — a few tens of billions dollars — suddenly flowed into Brazil. Their debt went from about \$60 billion to \$90 billion in six months and they didn't even know it. Nobody knew it. It just went whoosh, and suddenly they were in hock. The interest rates had gone up on short-term debt, and they were paying all this short-term money and didn't even know it. No individual bank, no one could observe it. When international bankers stopped to take a look, they said, "My God, look at all this money in Brazil!" It wasn't that someone said, "I want to go out and borrow a bunch of money." It was just one bank lending to another bank to cover this or that trade credit, and it just began to flow without anyone raising questions.

SB: Is there an intelligent way to manage this global monetary system?

PS: This problem is being taken seriously by policymakers such as The Group of Thirty, whose members include former heads of the World Bank and big private banks as well as a few economists. The big question is, what's the future? The Federal Reserve Bank oversees all the money in the United States. The federal government says "We control the currency, therefore we've got the lever on the system." And that's true for virtually every individual sovereign country in the world. But I don't think a similar mechanism could exist internationally. Not for a long time to come. Unless we develop a genuine international currency with a supervisory body to whom sovereign nations would willingly give up a part of their sovereignty. But most people would agree that such an event is unlikely. What is possible is a far more complex structure involving multiple currencies with the interplay of several large institutions. Perhaps the current International Monetary Fund, the Bank of International Settlements and the World Bank together with the central banks of the three major industrial countries — Germany, Japan, and the United States — will form some kind of relatively tight management confederation (right now there's a loose confederation — they talk to each other but it's very informal). They would establish: (a) exchange rate regimes, and (b) those criteria that will determine the validity of the money, i.e. essentially what amounts to credit worthiness. They would decide whether investments were real or phony, and what the meaning of a particular money is. Right now, all this electronic money doesn't really exist because it is not in any way connected to anything tangible.

A big issue will be to what degree should there be independence and coordination. It may be

different for the dominant countries. The non-dominant countries may be much freer to have a higher or lower inflation rate, whereas the Big Three may have very little freedom. They may have to be tightly coupled.

I think this will occur in a five-to-ten-year time frame. We're already beginning to see a movement in that direction. The U.S. has just shifted its position drastically. Until recently it voiced absolute opposition to any increased role for the international institutions, or for any structure of exchange rates and financial regimes at all. Period. Free markets ruled entirely, and the international institutions were considered a bunch of commies run by the European socialists. We were not interested in participating. But now we can see how our domestic economy is profoundly affected by the consequences of being in a game and not taking a conscious role. So we've decided it's important that the game be structured appropriately, and now we will play to help structure the game. That was the shift from Don Regan to Jim Baker at Treasury.

SB: A shift from, "We don't want to play because it's a fucked game," to, "We want to play and we want to dominate."

PS: It hasn't gone that far, but that's the reality. First of all, if we don't play there is no game. If we do play, we are still the biggest gorilla on the block by a long way. Eighty percent of the world's financial transactions are still dollar-based. Our lever on the system is so large, even if we don't want to exercise it, that they can't play without us. And even if we wanted to be generous, we couldn't be generous with the power. There isn't any choice. The U.S. is the key player, and the game requires our participation.

SB: So how about electronic entertainment — television, movies, music, radio?

PS: Here the forces are somewhat different, but interact. They have to do basically with three things. One, is market demographics. The biggest market for recorded entertainment is young people — a huge fraction of the market. The numbers worldwide are increasing at a staggering rate. Look at Mexico, where 50 percent of the population is under 15. Two, the technology of both recording and distribution is changing — everything from direct-broadcast satellite to compact disc-video. The world market is now accessible in a way it wasn't ten years ago. Third, what you now have is not only a worldwide market, but a worldwide series of sources. In terms of total volume of cash and total films made, the largest film industry in the world is India. By far. The second largest is Hong Kong. The United States is third.

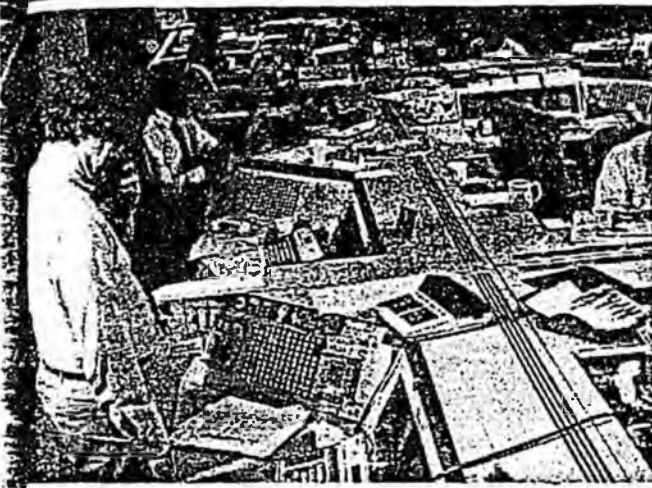
You can go into a video shop in Lagos, Nigeria, and see walls of films, 90 percent of which you've never seen in any video store in the United States.

NOW READY FOR RELEASE



Hindi cinema poster
The largest film industry in the world is in India, a lucrative communication business tapping a global market.

Fidelity stock trading room
The engineer used to be the hero. Now he is needed merely to generate cash which the trader can use to really make money.



the other. Everything else will be piggybacked on that. The rules for satellite allocation or for broadcasting bandwidth allocation or for how one makes money or for how finance is regulated, will be focused around those two industries. We saw a situation in the late sixties when oil became the dominant medium of international transfer of energy, and oil set the international energy price. The gas business, the coal business, the nuclear business all have to conform to what the oil industry in effect does or does not do, intentionally or unintentionally. Today the game is computers and telecommunications, and the rules will be structured around finance and electronic entertainment, the two dominant players. Other people who want to play this game will have to follow their rules.

SB: So they are both in the bit biz. You have some interesting indeterminacies with these two things going on. If their demands are independent and they're using the same apparatus, that makes something already unpredictable doubly unpredictable.

PS: Exactly. But it also says something else. In the United States we've spent a lot of time talking about the role of information and computing in education. But by far the dominant curriculum in education today does not take place in the eight o'clock-to-three o'clock time slot. It's in the four o'clock-to-midnight shift when the kids watch television. Actually teaching time isn't eight to three, it's probably about four hours, if that. But at home they've got seven hours of much higher-impact communications bombarding them, completely overwhelming anything they get in the classroom. As in finance, the second-order (or unintended) consequence is that as the game evolves and grows, it becomes the dominant shaping influence on the players. Electronic entertainment will be the dominant educational medium that will shape global consciousness. And the language will be overwhelmingly English. The British Film Board says that something like 60 percent of all films

First of all they're not in English; second, they're rotten films; third, most of them are adventure, comedy, love stories, dumb sorts of things. A lot of them are horror or Indian westerns. Indians love westerns. Hundreds and hundreds of Indian cowboy movies, with Indian Indians playing American Indians and Indian Indians playing American cowboys. All speaking in Hindi with English subtitles. It's really quite funny. And quite profitable.

There's a vast, extremely lucrative entertainment business going on that we don't even see. I've tried to get some idea of the volume, but have not been able to find any global numbers. The U.S. projects a \$25 billion gross for the next five years for the total electronic entertainment industry. And the technology driving this industry is the same increasingly sophisticated computing and telecommunications technology that is pushing finance. These two industries, finance and electronic entertainment, the greatest users of these technologies, are establishing the rules of the game.

The linking infrastructure is going to be a function of what finance wants on the one hand, and what the electronic entertainment media want on

worldwide are in English. English-language films can be sold almost anywhere.

SB: The language of science is the language of entertainment.

JAMES OGILVY: Sure, you can see it in rock 'n' roll.

PS: In music, it's overwhelmingly the case. Go hear rock bands in Eastern Europe and they sing in English. They may not understand a word, but they sing *perfect English*. The biggest rock band in Hungary is called "Locomotive GT." And they are flawless English speakers because if they want to get *any* kind of market *outside of Hungary* they have to sing in English.

This English language advantage could be the salvation of the British. It's interesting that the English government has not yet picked up on it. All the big British movies you've seen recently were made with American money. "Gandhi" was American money; so was "Chariots of Fire." But the British see this as trivial. They're interested in saving their automobile industry, not in feeding their entertainment industry. It's amazing, but you cannot get money for films in Britain, and Britain hasn't got much else. Here's the world hungry for it! God, if Britain really decided to put some money behind their films!

And they have an incredible talent pool, I mean *incredible*. You know where the best special effects facilities in the world are? Britain. You know where "Star Wars" studio work was done? Pinewood Studios outside of London. Spielberg was going to do Peter Pan. He changed the setting to Youngstown, Ohio, yet they planned to shoot it at Elstree Studios outside of London. So they took a London story, moved it to the United States, and then were going to shoot it in England. Isn't that bizarre?

Thirty-five percent of U.S. video revenue from films is now international. That does not include piracy, which no doubt will be controlled as the technology moves to compact discs. I think video tape may be a 20-year medium, like reel-to-reel tape recorders. You use it for a while until something better comes along. Something like the compact disc may be the ultimate data storage medium.

SB: Does all this shifting stabilize at some point?

PS: I think so. Once the demographic pattern stabilizes, it won't be in itself a major driving force. If you look at the underlying birth rates, you see drastic declines with the exception of Africa. You've still got the momentum of the current young having their own children but subsequent to that, probably around the turn of the century, it begins to slow down. Also, at that same time, just like at the turn of the last century, the game rules will get pretty well set. The next generation of recording and presentation

technology will be relatively stable for a period. That is unless there's another radical breakthrough.

By then we will have had the major advances that microelectronics and digitalization will infuse into the system. But it would be difficult to implement another technological leap on the same scale within the next two or three decades. Microelectronics today is the result of several prior decades of development, and another decade of diffusion, as people said, "Ah, what can you do with this?" and began to develop applications, languages, and so on. And it's *now* accelerating. So we're talking about a 30- or 40-year lead time in that type of penetration and restructuring process. What it says to me is that once this system comes into play, you won't want to tear it down. The advantages to be gained in restructuring would have to be enormous. So I believe the structure will be relatively stable for at least several decades thereafter, and then the changes are likely to be incremental until there's a radical change in technology again.

SB: You're saying this is basically a global phenomenon, where everyone thinks of themselves in terms of this kind of system?

PS: Absolutely. People now have access to the world in new ways, i.e. they can get and communicate information and play in games that are global in character. But I don't think it's homogenizing in the sense of everybody becoming the same, as some predicted. Of course people are more susceptible to the common winds of taste and fashion, especially the young. A perfect example of this phenomenon is Benetton, the Italian clothing chain. Benetton operates as if there is a kind of uniform, a sort of color of the week. And because of the electronic transfer of information, that color sweeps the world very quickly. And Benetton responds to and shapes that market.

JO: There are Benetton shops all over the world now and they all look alike.

PS: Staggeringly successful, with relatively high quality, medium priced, rapid turnover inventory; walk into any Benetton shop, and what you'll see is the same basic design. But the color will change every week. Their analysis will give information on the type, price, and color of every Benetton item sold worldwide in what must be five or six thousand shops, so they know what is really selling, all over the world, every day. They dye 15 percent of their colors each day on the basis of the data they get that day.

SB: It sounds like there's world fashion operating on a very tight loop. There's also world news operating on a very tight loop.

PS: Well, now we get into one of the most interesting public policy issues, and that is the control of that flow of information. The question is, will there be technical mechanisms by which governments can prevent information from flowing



Pacific Bell control center
Business consists of people interacting. The character of a large business is influenced by how everyone uses telecommunications to interact with each other.

Benetton fashion clothes
Every Benetton clothing shop in the world sells the same designs and colors on a given day. It's world fashion operating on a tight loop.



see American television you say, "What crap." There's much better news in Britain than here, despite the fact that it is managed. It may be a different story if you've come from Botswana. But in Britain you could not have the equivalent of the Watergate leak. The newspapers would not be permitted to publish the story. Couldn't do it. Criticism is permissible, but information, on the other hand, is tightly controlled.

SB: How much does news piggyback on electronic entertainment?

PS: In England, totally. Elsewhere, it does to the extent that it uses the same medium. It doesn't to the extent that the dominant media are state controlled. Television, for example, is almost everywhere a state enterprise. But it is beginning to be increasingly deregulated. Italy now has some non-state stations; Holland has one, France has two, so it's begun to happen.

SB: Are they rewarded for that? Does it work somehow?

PS: Well, it's created a great debate. Again, remember nearly everywhere we're dealing with regimes that are "dirigiste" — a term not well known in the United States. It's a French word that means "state-directed." It isn't socialism, it isn't fascism, it's essentially the idea that part of the central role of the state is to direct society. As opposed to the U.S. philosophy of taking care of just a few things and letting individuals take care of themselves. Most every other country in the world is in some sense dirigiste. We are anti-dirigiste, fundamentally, in our cultural roots. So the debate is this: "If we permit private media, and it competes successfully with our state media, are we degrading the quality? Even if people like it, will they be receiving poorer information, less culture, less things they ought to have?"

So, in Britain the debate right now is: Is independent television (ITV) pulling down the BBC, the

across their borders? Clearly governments outside of the United States, with almost no exceptions, reserve unto themselves the right to determine what their citizens will see. The Official Secrets Act in Britain has no U.S. equivalent. That issue is one of the thorniest in this whole game.

SB: Is information control shifting at all? Do other countries see the U.S. as just continually crazy or as having some corrections built in?

PS: No, I think most of the world still believes it is appropriate for the government to control what its people will know. It's really quite amazing to me, having grown up in the United States.

SB: When they come to the U.S., are they blown away by the stuff that's printed?

PS: No, because remember the quality of news in the United States is not particularly good. And it depends where you've come from. If you come from Britain and read an American newspaper or

flagship of high-quality news? And everybody is saying, "Oh, BBC news has deteriorated to compete with ITV news, and, gee, maybe we should cut ITV news and not permit them to do certain things so we can preserve the BBC." That's the character of the debate. Success does not guarantee further growth. And that's true in France, in Italy, in Holland.

JO: The U.S. can't win for losing, because on the one hand we are the number one players in the game and everybody wants our electronic entertainment. On the other hand, the more we export, the more we're accused of cultural imperialism. There's no winning that.

PS: As a multinational business, for example, Royal Dutch Shell is not permitted to ship computer data in or out of Brazil.

SB: You print it on paper and carry it in? How is it done?

PS: There's a variety of ways to do it, but we cannot establish a communication link between our computer, say, in Britain with a computer in Brazil. We're not permitted because Brazil wants to control what we send down that line.

SB: How do the Soviets handle stuff like that?

PS: They don't.

SB: There's no transnational data flow in and out of the Soviet Union?

PS: That's right. I wouldn't be surprised if some people figure out how to get around the controls, but have you ever tried to telephone the Soviet Union?

SB: But it can be done. I hear that personal computers in the Soviet Union don't have printers. Do they have telephone modems?

JO: Computer modems are arriving.

PS: But here's an example in Europe. Suppose I want to travel with a special board for driving a videographics projector for a Hewlett-Packard PC. I only have one of them and they're a real pain to get. If I want to take it from Britain to Holland for the day and bring it back that night, I have to get an export license and a re-import license just to carry it with me on the plane over and back. They're so afraid of the leak.

SB: Like dope.

PS: Only much worse. Someone could carry marijuana more easily than they could carry computers. And the fines are worse than for the drugs. There's a 75-pound fine for bringing in marijuana, and there's a 100,000-pound fine for bringing in illegal computing equipment.

SB: So what's the underground economy in this now?

PS: I've heard there's a subculture of people who will move cans of data tapes in their trucks across the Brazilian border. How large this is I couldn't

guess, but I'm sure illegal telephone lines and illegal transfer of data are increasing.

SB: Enough to be game-changing?

PS: Don't know enough to really say.

SB: Typically, outlawry changes games.

PS: I think it's too new to really say. What is interesting is this: if we take my premise that these two industries, finance and electronic entertainment, interacting with the evolving telecommunications and computing technology, will write the rules for the economic and political system of the next century, then what values are embedded in that system? Today no one is thinking about the meaning of the rules being developed in an informal, unpredictable, evolutionary way around the short-term exigencies of those industries. Ultimately they will, quite by chance, evolve into something, and that something will become the organizing paradigm of the next century. That paradigm, inasmuch as we've ambled from the realm of the material to the informational, will become a kind of global consciousness. It is the system within which we all begin to think about ourselves collectively.

SB: "Values" means what? Global conscience?

PS: The intentional choices people would express if they had it.

SB: What were the values of the last system?

JO: An example of the kind of thing you might be getting at might come under the rubric of "form follows function" — Peter Drucker's argument about how the form of the modern corporation follows the function of the reproduction of standardized, replaceable parts in manufacturing. That's what you're talking about.

PS: That's precisely what I mean.

JO: So you get the bureaucratic corporations where all the lathe operators have to do the same thing, and managers tell the same thing to their vice presidents. But what if the function is no longer chung-chung-chung standardization producing the same-same-same, but you move into entertainment, financial transactions, more and greater varieties of information?

The definition of information is a *difference that makes a difference*. So if the function is production of information, then you're not doing the same-same-same any more. You're now turning out a different different difference because if it's not different, it's not information.

PS: I'll give you a concrete example: financial services. How do banks compete? Not by interest rates. The difference comes in the differential services they offer. The way they get that differential service in theory is how they manipulate and manage their own information and/or the information they get. The perfect example was how Merrill Lynch created a market: the "cash



New York Stock Exchange
The wealth of moving money around surpasses the wealth of making money. This new game is fixing the shape of communications.

Boy George
The English language is suddenly a fabulous asset. The British should forget about manufacturing cars and promote their film and music industry.



BOY
GEORGE

who find, produce and refine oil to the traders. The people who find, produce and refine oil are basically an industrial model, and the values that have governed them are essentially industrial values, things like economies of scale, for example. In trading, everything is information flows, speed of reaction, differences that make a difference. "I know something you don't know." And increasingly the successful players in the oil business are the successful traders. We see this driving force in a number of industries. General Motors' acquisition of Hughes Aerospace and EDS, a computer service company, is another example. GM realized the game was going to be a function of using information to improve the nature of the car, how you manufactured the car, how you sold the car, how you financed the car. So the driving force is shifting from the designer to the person who structures the information environment. That was a conscious strategic choice at GM.

SB: What will the life of the employee be like in the industrial side versus the trading side of a business?

PS: Well, it's quite interesting, because this shifts the roles and the dominant power structure from the engineers to the traders. Where once the engineer was the hero that drove the company, now he is a functionary necessary to produce oil with which the trader can make some money.

SB: Like the farmer now.

PS: Yes, exactly. And the trader is the commodity broker. Farmers don't make much money, but the commodity brokers sure do.

SB: Farmers pretty much stay in one place. Commodity brokers slither around. They change companies, they change kinds of work. In the publishing business we have contracts because that's the only thing that remains the same during the life of the book. ▶

management account." The cash management account was a difference that made a difference. That principle became an intrinsic (though invented) value in today's financial system. "Efficiency," "economies of scale" — these were values embedded within the industrial system. So the new values will become implicit within the organizing structure, and people will be forced to adapt to them.

SB: What's the transition from the one overall operating system to the other overall operating system?

JO: Punctuated equilibrium.

PS: That's what I was going to say, a series of lurches. You can see a good example in the oil industry with the shift of power from the people

PS: As a trader, you *move* a lot, because what you look for is information. You spend a few days at the OPEC meeting in Geneva to pick up what you can. The money is so big, and a successful trader can get such a huge premium, that people are constantly offering them vast amounts of money to move. It happens all the time. Whereas a petroleum engineer's pretty much a petroleum engineer.

SB: What does all this do to politics?

PS: I think several things. We've touched on two of them already. One is the ability of the political system to control the information that the people have.

SB: Is that more control or less?

PS: I think inescapably less. The controllers can push against the river, but an incredibly powerful current is coming at them. They can slow it, channel it a bit, but not completely. The kids are going to listen to rock 'n' roll, they're going to listen to British rock bands in America, and people are going to watch "Dallas" in England. It's happening. A second reason is world finance. It diminishes the power of domestic policies enormously, and changes the character of a politician. It's quite interesting. The one thing upon which Bill Bradley, a liberal democrat, and Jack Kemp, an extremely conservative Republican, were able to agree was the creation of a congressional forum on new mechanisms for exchange rate management. They each realize that their party's political strategy was dependent upon this same international economic issue, which in turn was being driven by this financial structure. Somebody like Jack Kemp, who would have chosen to ignore the international arena, can't do that any more. So the political ideology has begun to shift.

SB: What's good advice to a young person in a transition like this?

PS: I can't give you any profound answer other than the one that has always been the case, which is make sure you know how to learn.

SB: That's pretty good. Is that true of corporations as well?

PS: Oh, absolutely. One of the clear implications of this is a further acceleration of the rate of change in less predictable directions.

SB: "Management in the Age of Discontinuity," said Drucker. How long is this Age of Discontinuity?

PS: Probably about another decade or so. I think the world economy goes through these transitions, from periods of relative stability to relative turbulence to relative stability again. We're in one of these transitions. There's probably a relatively stable era of several decades ahead, where the basic pattern is set. Because you want to extract the value out of the capital that you invested, you don't change much. You have to get such a

large increment of improvement to overcome the sub-costs, that you don't change the system.

SB: So we're going to live with the decisions that are made now for 40 years.

PS: About a half-century altogether. That's why this game is so interesting right now. The rules are just being written, and not in a conscious way.

SB: Which I assume is just as well. But I'm not sure of that.

PS: Well, at least I'd want to think about what the consequences of the outcomes of the behavior we're pursuing are. In other words, I'm not sure I want somebody like me or anybody else to have the power to actually write the rules. I'm not going to trust anybody with that. But I'd sure like to think through the implications. For example, we're choosing between fiber optics and Direct Broadcast Satellite for our communications channels. What does that imply? We have to think that through in some reasonable way. International regulatory choices are going to be made. What kind of exchange rate mechanism should be established? That will have real world consequences. Thinking these questions through and reflecting them in the political process is what I would really like to do rather than see somebody actually write the rules. The most important thing is to bring this onto the table as an agenda item. "Here is a place of enormous leverage. Think about it. What does it mean?"

Almost everyone in a large company spends most of their time talking to each other, either in writing or in face-to-face, one-to-one or collective meetings, or talking on the telephone. So, how people get information to each other is a critical issue, and business is 100 percent people. Nothing else. People attract capital, people invent things, people sell things, people trade things. So if you influence how those people interact, you influence the basic character of your business. Considering that Shell has 160,000 people in 120 countries, it means that not everybody talks directly to everybody else — it's not a little shop. So media clearly come into play. How well we do that, and how the structure of the medium affects us, have a profound influence on the success or failure of our business.

The second-level issue is that Shell is profoundly affected by the structure, behavior, and dynamics of the world economy. We *are* the system, we are not separate from it. We are so big that you can't distinguish us from the thing itself in any meaningful way. For example, as I've mentioned earlier, exchange rates movements have a huge effect on Shell. We have questions: is it really going to be true that the quality of information flows will be so high that people work at home? Won't they travel very much? That affects transport fuel. Is that real? I personally don't think so, but I'd sure want to know if I'm wrong.



Gone With The Wind
Information that increases
in value as it ages.

Stock prices
Information that diminishes
in value as it ages.

TREASURY BOND OPTIONS						
JUN - CALLS						
	384	212	110	37	18	8
7085						
7086						
7087	JUN	JUN	JUN	JUN	JUN	JUN
7088	330	214	117	41	18	8
7089	324	202	104	34	15	7
7090	K	K	K	K	K	K
7091	325	206	108	38	16	7
7092	320	204	107	37	17	7
7093	328	208	108	38	16	7
7094	64	60	58	70	74	76
7095	UP	UP	UP	DOWN	DOWN	DOWN
7096	11	11	11	11	11	11
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7110	11	11	11	11	11	11

"information wants to be expensive," because it's so valuable.

JO: What gets me is how utterly inappropriate our basic economic categories are. Look at the difference between how you price a ton of steel and how you price information. For one thing, we need to recast the concept of property, because in Marx's terms property is by definition inalienably set. I sell you the cow. You got the cow. I don't have the cow any more. I sell you information. You got the information. I still have the information. That's one anomaly. A second anomaly is the notion of depreciation, the very notion of inventory. Intrinsic in information is the "difference that makes a difference" to a receiver. So the condition of the receiver is an important part of whether a given signal is or is not information. Is it news or isn't it news? That depends on the receiver and the receiver's ability to understand it. That's not true of a ton of steel. It's not true of a ton of wheat.

SB: Depreciation of news is instant.

PS: But "Gone with the Wind" is worth much more today than when it was made.

JO: Capital makes sense when it's fixed capital, when it's steel or when it's a plant. Information as capital?

SB: Radio stations are considered a swell investment by some of the venture capitalists because they have fabulous cash flow and hardly any capital requirements.

PS: That's right, a good example.

SB: Yet, advertising companies aren't putting any money into places like MIT's Media Lab because they don't have any capital.

PS: People are an advertising company's only resource. Their whole capital base walks out the door every day at five o'clock.

JO: There's a Nobel Prize waiting for the person who figures out the economics of information. ■

The influence of how the media co-evolve with the structure of society is an important issue for us. Also, because we are closely linked to the rate of economic growth, if the world economy grows rapidly, we do well; if it doesn't, we don't. I believe the systems discussed will be a sufficiently large wealth generator that they will compensate for the slow growth of the heavy industries. They will be an important impetus to world growth.

SB: How much is that a self-enhancing process, wealth building on wealth?

PS: Very much so. There's the value-added in information. Most people thought about it as just moving stuff around, as opposed to adding value, but it's clearly adding value.

SB: The commodity which is not a commodity.

PS: The economics of this become quite interesting. Nobody knows. One of the great current puzzles in economics is, how do you handle information? I don't have an answer to this. It's a hitch.

SB: The way I keep stating it is: "Information wants to be free," because it's so easy to transmit;

MONEY

JUNEAU EMPIRE

FRIDAY, APRIL 24, 1987 13

Cable to link Alaska, Japan

WASHINGTON — Pacific Telecom Cable, Inc., part of a communications company family that includes Alascom Inc., has announced that it has been granted a license by the Federal Communications Commission to land a new, high-capacity trans-Pacific fiber optic cable in Seattle and Anchorage.

The proposed cable will be the first direct fiber link between the United States and Japan, and has an

estimated cost of \$500 million. The venture is fully supported by the United States as serving national security interests through providing diverse routing for critical communications and as furthering competition in international communications.

Dennis W. Elliott, executive vice president and general manager of Pacific Telecom Cable, said that the new facility will provide voice, data, video and enhanced value-added services beginning in 1990 to financial institutions, corporate users with high traffic volumes, manufacturers and other common carriers, resellers and government agencies on both sides of the Pacific.

Blueprints for economic development

Local panel offers work program

By KIRK McALLISTER

THE JUNEAU EMPIRE

A work plan devised by the Juneau Economic Development Council for the next two budget years would create 300 or more new jobs in Juneau as well as improve existing businesses and attract new ones, according to supporters of the plan.

The plan, prepared by the nine-member council with help from the McDowell Group and Robinson and Associates, was presented to the Juneau City-Borough Assembly this week.

Paul Fletcher, executive assistant for the council, has been working half days for three weeks out of the Juneau Chamber of Commerce office.

Fletcher, former director of the Office of Enterprise in the state Department of Commerce and Economic Development, is being paid by the McDowell Group under the consultant's \$52,000 work plan contract with the city.

Last year, the assembly appropriated \$169,000 for the Economic Development Council's activities, but only \$35,000 of that has been spent, Fletcher said. This year's council request asks for the remaining \$135,000 to be re-appropriated plus an additional \$45,000 for a total of \$220,000. The assembly approved that funding earlier this week.

In addition, the group expects to raise \$142,500 from federal and private sources.

The work program is divided into three broad areas — short-term survival of jobs and businesses during the current economic crisis, retention and expansion of existing businesses and attracting new businesses.

One important part of the council's work will be to collect relevant statistics, since part of the current economic stagnation is the result of fear and misconceptions, Fletcher said.

For example, many local residents have the impression hundreds of government jobs have been lost in Juneau, but in fact it was private sector jobs, nearly 700 of them, that have been lost since 1985. This year, however, about 350 state jobs are expected to be cut in Juneau.

The council work plan also calls for offering technical assistance to

Juneau businesses to decrease the failure rate and to assist unemployed and underemployed residents to develop small businesses.

To help make money available for that, the council, as a non-profit, quasi-governmental organization, will become eligible for grants such as those from the federal Economic Development Administration and Housing and Urban Development programs as well as state grants and those from private foundations.

The goal of all this is to increase employment, reduce the number of businesses leaving Juneau, increase sales tax receipts and increase the number of federal, state and local contracts awarded to Juneau businesses.

In the long term, the council wants to stimulate development of Juneau in the following areas:

- Help Juneau become a regional retail and services distribution center.
- Promote the growth of tourism.
- Promote natural resource development of fishing, timber and mining.
- Promote research and development in the business community through the University of Alaska-Juneau.

Concerning capital construction, the council's top priority is investigating the pros and cons of a port and industrial area in North Douglas.

"Juneau has great potential, there's lots of brain power and potential entrepreneurs here," Fletcher said. "There is opportunity for growth in tourism and supplying the coming mining industry. As state and local governments cut back, there will also be contracts available to the private sector to supply some of those services."

By reaching out with new initiatives in economic development, Fletcher said Juneau follows a trend that has happened in many other places around the country during hard economic times. Anchorage, Kenai, Kodiak, Ketchikan, Sitka and Fairbanks have similar programs.

"At times like this a community has two choices — to sit around and react or to get involved in marketing their city," Fletcher said. "I'm glad that Juneau has chosen to get involved."

Symposium views regional strategy

By KIRK McALLISTER

THE JUNEAU EMPIRE

How to survive the slings and arrows of today's uncertain economy as well as plan for a robust future are some of the topics that will be tackled during a two-day symposium on the economic future of Southeast Alaska.

The event, May 1-2 in Centennial Hall, will feature guest speakers including Gov. Steve Cowper; Tony Smith, commissioner of Commerce and Economic Development; David Hoffman, commissioner of Community and Regional Affairs; Tony Penkett, Yukon government leader; Byron Mallott, chief executive officer of Sealaska Corp.; and House Speaker Ben Grussendorf, D-Sitka.

The symposium began as an idea by the Glacier Valley Rotary Club for a small local meeting concerning economic development in the Juneau community and discussion of small business issues.

But it grew in concept to a regional conference, said Patrick Anderson, director of the Alaska Economic Development Center at the University of Alaska-Juneau. Between 200 and 300 people are expected at the event.

The symposium is sponsored by an ad hoc steering committee of business and government leaders from throughout Southeast. Co-chairmen of the committee are Juneau Mayor Ernie Polley and Bill Howe, president and chief operating officer of Sealaska Corp.

The meeting has three major themes:

- Providing relevant information about the current state of the Southeast economy.
- Providing instruction in development tools for community leaders and helping small business survive during an economic recession. Several workshops will be offered on this topic.
- Working on problems facing the Southeast economy. These include dependence on natural resources, capital investment and capital needs, and the labor force and training programs needed to make the economy more diverse and dynamic. "We want to get full participation

BUSINESS NEWS

In the symposium from every sector of the economy whether public or private and from every community in Southeast," Polley said. "Then we can sit down and analyze our resources, focus on those problems which are unique to our region and identify opportunities for future action."

Anderson, who is a member of the steering committee, said that region-wide marketing strategies would be beneficial to the entire Southeast economy. The Southeast Tourism Council has already successfully done this, and communities could unite on other common interests such as improving the ferry system and attracting outside funding or creating a network for providing venture capital.

"One possibility is to create a regional development entity that could connect ideas and investors," Anderson said. "It could also be used to attract primary and secondary processing of natural resources and be a clearinghouse for economic research."

Such a development group could be patterned after the Seattle-King County and Tacoma-Pierce County economic development boards. Mark Smith, an economic development consultant from Tacoma, will speak at the symposium.

Like many areas of the country, Southeast is changing from an industrial to a service economy, Anderson said. Because of that, continuing education and retraining programs will be needed to keep workers employed. An example would be training of local residents for mining jobs at the Greens Creek mine, tentatively scheduled to open in the summer of 1988.

A \$50 registration fee for the symposium covers all the workshops, two lunches and the banquet where the governor will speak. For more information call 789-4102.

STOCKS

THE ASSOCIATED PRESS

NEW YORK — Friday 4/24

Stocks closed for New York

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SECTIONAL ANALYSIS / CSHB 40 (Fin)

* Section 1. Statement of purpose.

* Section 2. Chapter 19 (Office of the Governor) is amended by adding new sections.

Sec. 44.19.502. The Telecommunications Information Council is created within the Office of the Governor.

- Council composition described.
- Meeting schedule and support staff described.

Sec. 44.19.504. POWERS AND DUTIES

Subsection (a):

- Council's main duty will be to establish guidelines and prepare a state information systems plan.
- Council will also direct state agencies to prepare agency information system plans.
- Council must establish guidelines for public access to information.

Subsection (b) gives the Council latitude to address "information" related issues that may come up.

Subsection (c) is a standard "non-interference in programming content" statement.

Subsections (d) and (e) allow for flexibility among state agencies in the development of their information systems. Independent development, however, must still be coordinated with the Council.

Sec. 44.19.506. COURT SYSTEM. The Court system will also prepare information system plans, in coordination with the council.

Sec. 44.19.519. DEFINITIONS.

The words "council" and "state agencies" are defined.

THE REMAINING SECTIONS ARE AMENDMENTS TO EXISTING DEPARTMENT OF ADMINISTRATION STATUTES. THE EFFECT OF THE AMENDMENTS IS TO:

- 1) BRING EXISTING STATUTES INTO COMPLIANCE WITH THE POWERS AND DUTIES OF THE COUNCIL,
- 2) REMOVE OBSOLETE LANGUAGE, AND
- 3) REFLECT THE INTENT THAT THE JUDICIARY COOPERATE WITH OTHER BRANCHES AND AGENCIES WHEN POSSIBLE, WHILE RECOGNIZING THE INDEPENDENT STATUS OF THE JUDICIARY.

* Sec. 3. Department of Administration (DOA) statutes that relate to data processing are amended to indicate coordination between the department and the council.

* Sec. 4. DOA data processing statutes are amended to indicate compliance with council's state information systems plan. Obsolete language is removed.

* Sec. 5. DOA data processing statutes that relate to DOA powers are amended to indicate that DOA actions must be consistent with council and departmental information systems plans. Paragraph 10 is obsolete and therefore removed.

* Sec. 6. DOA data processing statutes that relate to the University of Alaska are amended to indicate cooperation between DOA and the university, and adherence to the council's state information systems plan. The university president's veto power is removed.

* Sec. 7. The DOA data processing statute that relates to miscellaneous provisions is repealed and reenacted to indicate which actions may be undertaken by DOA and the legislative and judicial branches, as long as those actions are not contrary to the council's state information system plan. These changes recognize the need of the judiciary as a separate branch of government to adopt policies specially adapted to judicial needs, but also reflect an intent that the judiciary cooperate with other branches and agencies when possible.

* Sec. 8. DOA statutes that relate to the Public Broadcasting Commission are amended to indicate compliance with the council's state information systems plan.

* Sec. 9. The DOA statute that relates to telecommunications powers and duties is amended to indicate compliance with the council and departmental information systems plans.

* Sec. 10. The DOA telecommunications statute that relates to services is amended to indicate compliance with council and departmental information systems plans.

* Sec. 11. The DOA telecommunications statute that relates to independent telecommunications systems development is amended to indicate compliance with council and agency's information systems plans.

* Sec. 12. Effective date, July 1, 1987.

Alaska State Legislature

REPRESENTATIVE
PAT POURCHOT

HOUSE FINANCE COMMITTEE,
VICE CHAIR

HOUSE ETHICS COMMITTEE, CHAIR

LEGISLATIVE BUDGET & AUDIT
COMMITTEE



House of Representatives MEMORANDUM

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DATE: May 1, 1987
TO: House Finance Members
FROM: Representative Pat Pourchot *Pat*
SUBJECT: Draft Finance CS for CSHB 40 (Tele), "An Act creating the Telecommunications Information Council in the Office of the Governor; and providing for an effective date."

Proper management of the state's information resources is cost-effective and will allow the state to make significant improvements in the quality, quantity, and accessibility of information at all levels of state government. Both the private sector and the government will benefit by having readily available, accurate and complete information upon which to base their decisions.

Current problem areas (such as computer chargebacks, allocation of scarce data processing and telecommunications resources, system redundancy, incompatibilities and cost inefficiencies) suggest the need for a body which oversees management and development of the state's information resources. CSHB 40 (Fin) would:

- (1) create a council to develop and implement policies for the management of the state's information resources within the Office of the Governor;
- (2) begin comprehensive and coordinated "information resource management" planning for the state; and
- (3) merge telecommunications and data processing in the policy and planning process.

A zero fiscal note is attached. Professional and clerical support for the Council is to be provided by existing staff within the Office of the Governor and by agencies represented on the Telecommunication Information Council.

The Governor and the Commissioners of the Departments of Administration, Natural Resources, Corrections, Community and Regional Affairs, and Transportation have indicated their support for the bill. In addition, the President of the University of Alaska and the Court System have also indicated their support and willingness to serve on the proposed Council.

The Subcommittee has endorsed the draft CSHB 40 (Finance).

SENATE COMMITTEE REPORT

FURTHER: FINANCE

5/5/87

DATE TURNED INTO OFFICE _____

Mr. President:

LABOR & COMMERCE _____ Committee considered _____ CSHB 40(Fin)

creating the Telecommunications Information Council in the Office of the Governor; efd.

and recommended:

[] replace with _____ CS FOR _____) [] same title
[] or adopt _____ CS FOR _____) [] new title

[] attached amendment(s) and

~~[] do pass~~

[] do not pass

[] no recommendation

[] individual recommendations

[] further referral to _____

[] letter of intent adopted _____

Committee attached or [] adopted fiscal note(s)

[] new [] updated or previous

zero [] fiscal impact

MEMBERS SIGNING DO PASS

Rich Kelly (DO PASS)

OTHER RECOMMENDATIONS

Michael Symonelli
Fabrizio...

Tim Kelly - Do Pass

Chairman signature and recommendation

[] Committee Backup Attached