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HOUSE COMMITTEE REPORT

file

(11)

Date Referred: April 20, 1990

FURTHER REFERRALS:

Date of Committee Action: 5/3/90

The FINANCE Committee considered:

CSSB 485 (FINANCE) am

CS SB NO. 485 (Fin) am

TELECOMM. INF. COUNCIL/MBRSHIP & DUTIES

"An Act relating to the Telecommunications Information Council and the provision of information services by the Department of Administration; and providing for an effective date."

RECOMMENDATIONS:

- [] be replaced with _____ [] the same title
- [] have attached amendment(s) [] a new title
- [] do pass
- [] do not pass
- [] no recommendation
- [] individual recommendations
- [] additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- [] fiscal impact _____
- [] zero fiscal note _____
- [] zero with analysis _____

- [] fiscal note(s) DIA 3/29/90
- [] zero fiscal note(s) _____
- [] zero fn/analysis _____

SIGNING DO PASS:

SIGNING:

(Check approp. column)

Do Not Pass No Rec Amend

 _____ CARSON
 _____ SWACKHAMMER
 _____ BROWN
 _____ KOPONEN
 _____ WIMER

<i>Phillip</i> PHILLIPS	✓		
<i>Rieger</i> RIEGER	✓		
<i>Barnes</i> BARNES	✓		

Chairman's Signature

Ronald C. Carson CARSON

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Administration
 Title: Telecomm. Inf. Council/Mbrshp&Duties BRU: Information Services
 Sponsor: Fahrenkamp Components: _____
 Requestor: State Affairs

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	2.0	2.0	2.0	2.0	2.0	2.0
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	2.0	2.0	2.0	2.0	2.0	2.0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	2.0	2.0	2.0	2.0	2.0	2.0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	2.0	2.0	2.0	2.0	2.0	2.0

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)

See attached.

Prepared by: Paul Monette, Director Phone: .465-2220
 Division: Information Services Date: 2/22/90
 Approved by Commissioner: Frank S. Baxter Date: 2/23/90
 Agency: Administration

Distribution (by preparer) :
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

Department of Administration
Division of Information Services

SB 485 - - FISCAL NOTE

An Act Relating to the Telecommunications Information Council

No fiscal impact is predicted in FY 90.

The fiscal impact projected for FY 91 and beyond is for travel expenses associated with the appointment of a public member to the Telecommunications Information Council. A total of \$2.0 thousand would pay for 4 trips per year @ \$350.00 for air transportation and 2 days per diem. It is assumed that the travel expenses for the Legislative members appointed to the Council would be paid for by the Legislature. o

Amended: 4/9/90
Offered: 3/29/90
Referred: Rules

6-2192G

Original sponsor(s): SEN. FAHRENKAMP

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 485 (Finance) am
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Telecommunications Informa-
7 tion Council and the provision of information ser-
8 vices by the Department of Administration; and pro-
9 viding for an effective date."

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

11 * Section 1. AS 44.19.502^o(b) is amended to read:

12 (b) The council is composed of the governor, the commissioner
13 from each principal department of the executive branch, the president
14 of the University of Alaska, [AND] the executive director of the
15 Legislative Affairs Agency, a member of the public appointed by the
16 governor, and one legislator from each house, appointed by the respec-
17 tive presiding officer. The legislators shall serve as nonvoting
18 members of the council. The public member appointed by the governor
19 may not have a financial interest in the information services
20 industry. The chief justice of the supreme court may appoint a member
21 to serve on the council. Each commissioner shall appoint a deputy
22 commissioner to serve as an alternate for the commissioner. The vice-
23 president of the University of Alaska shall serve as alternate for the
24 president.

25 * Sec. 2. AS 44.21 is amended by adding a new section to read:

26 Sec. 44.21.045. INFORMATION SERVICES FUND; CHARGES. (a) The
27 information services fund is established as an internal services fund
28 in the Department of Administration. The fund consists of money
29 appropriated to it, money transferred to the department by political
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1 subdivisions and state agencies as reimbursement for information
2 services provided by the department, and the proceeds from the sale of
3 surplus or other assets of the department used for information ser-
4 vices.

5 (b) Money transferred to the department by a political subdi-
6 vision or state agency for information services for a fiscal year that
7 exceeds the appropriation to the department for information services
8 provided to the political subdivision or state agency for that fiscal
9 year constitutes program receipts that are subject to the procedures
10 of AS 37.07.080(h).

11 (c) Except as provided in (b) of this section, money in the fund
12 established under (a) of this section may be expended only in accor-
13 dance with legislative appropriations. Money appropriated to the fund
14 may be used for

15 (1) the costs of the Telecommunications Information Coun-
16 cil, including its costs of performing reviews and studies considered
17 necessary by the council;

18 (2) necessary expenses of providing information services to
19 political subdivisions and state agencies;

20 (3) additions, replacements, or improvement of capital
21 equipment for information services; requests by the department for
22 capital equipment expenditures shall be included in the budget submit-
23 ted by the governor to the legislature under AS 37.07; and

24 (4) other purposes as specified in an appropriation to the
25 fund.

26 (d) The department may charge and collect fees and surcharges
27 for information services provided by it to agencies and political
28 subdivisions of the state. The department shall maintain cost ac-
29 counting records to support rates and billings for information
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1 services provided by the department. The department shall submit a
2 report on the operation of the fund to the governor and the legisla-
3 ture at the time of submission of the departmental budget.

4 (e) A state agency that receives information services from the
5 department shall include in its annual budget, as an identifiable
6 item, its expected fees and surcharges for information services pro-
7 vided by the Department of Administration.

8 (f) Fees and surcharges for information services of the depart-
9 ment are subject to annual review and approval by the Telecommunica-
10 tions Information Council.

11 (g) In this section, "information services" includes automatic
12 data processing services provided under AS 44.21.150 - 44.21.170 and
13 telecommunications services and operations described in AS 44.21.-
14 305 - 44.21.330.

15 * Sec. 3. AS 44.21.160(h) is repealed.

16 * Sec. 4. AS 44.21.045(e) and (f), enacted by sec. 2 of this Act, take
17 effect July 1, 1990.

18 * Sec. 5. Except as provided in sec. 4 of this Act, this Act takes
19 effect immediately under AS 01.10.070(c).

Alaska State Legislature

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CHAIRMAN, RESOURCES COMMITTEE
119 N. CUSHMAN STREET, SUITE 201
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Senate

WHILE IN JUNEAU
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MEMORANDUM

TO: Representative Lyman Hoffman
Representative Ron Larson
Co-Chairs, House Finance Committee

FROM: Senator Bettye Fahrenkamp 

DATE: April 23, 1990

SUBJECT: Senate Bill 485
"An Act relating to the Telecommunications Information Council and
the provision of information services by the Department of
Administration; efd"

Senate Bill 485 passed the House State Affairs Committee today, and is now before the House Finance Committee. This bill gives us control, through the budget process, of monies that we have not had control of before -- sometimes as much as \$8 million or more. You will find details in the attached committee packet.

I would very much appreciate your early scheduling of SB 485.

As stated previously, the committee packet contains additional information about the bill. Please feel free to contact me or Joan Hope of my staff if we can provide any further information or answer any questions.

Thank you for your attention to this matter.

Alaska State Legislature



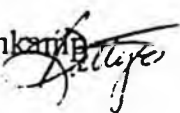
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MEMORANDUM

TO: Representative Lyman Hoffman
Representative Ron Larson
Co-Chairs, House Finance Committee

FROM: Senator Bettye Fahrenkamp 

DATE: April 19, 1990

SUBJECT: Senate Bill 485
"An Act relating to the Telecommunications Information Council and the provision of information services by the Department of Administration; efd"

BILL SUMMARY:

Adds a voting public member to the Telecommunications Information Council, and two non-voting legislative members (one from each body).

Establishes in the Department of Administration an *Information Services Fund*, as recommended by a legislative audit, into which will go all RSA money received in exchange for information services. Provides that any *unbudgeted* RSAs must be approved by the Legislative Budget and Audit Committee before they can be received or expended. Provides that money in the Fund may be expended *only in accordance with legislative appropriations*. Authorizes money that accrues in the fund to be spent for providing information services, providing staff to the Telecommunications Information Council, and for replacing or upgrading capital equipment *subject to appropriation by the legislature*.

Involves the Telecommunications Information council (which is a council composed of the Commissioners of each state department) in setting the rates charged for telephone, computer and other information services. All funds received from the various departments must be separately accounted for.

FISCAL IMPACT:

There is a \$2,000 GF fiscal note, to pay the costs of travel and per diem for the new public member of the Telecommunications Information Council.

DEPARTMENT POSITION:

SB 485 is *supported* by the Legislative Auditor and the Department of Administration.

ABOUT THE BILL:

The purpose of this bill is to provide clearer accounting and more controls over interagency receipts received by the Department of Administration in return for provision of information services (telecommunications and computer services).

This legislation is the result of a legislative audit of the Division of Telecommunications (now the Division of Information Services) in the Department of Administration. The audit recommended that the Division establish an internal services account (ISF) to account for services provided to user agencies.

To quote the audit:

"The ISF classification should be used to account for the financing on a cost-reimbursement basis of services provided by one department or agency to other departments or agencies....An ISF has the following advantages:

- * Account for the total cost of the activity;
- * Provide greater ease in costing and pricing services;
- * Accumulate resources for replacing fixed assets;
- * Combine certain governmental fund-type overhead costs so they can be redistributed to the benefitting programs; and
- * Isolate interfund services so that governmental fund types do not display revenues and expenditures related to interfund transactions twice within the same fund type (i.e., usually the general fund) - once by the department furnishing the services and once by the department receiving the services."

Based on this audit, SB 485 was crafted. It has been reviewed, amended based on recommendations of the Legislative Auditor, and has the support of the Legislative Auditor as well as the Department of Administration.

Senate
Finance

SUMMARY OF PROPOSED CS FOR SENATE BILL NO. 485

- * Section 1. No changes from CSSB 485(SA).
- * Section 2. The proposed substitute makes several changes to Sec. 44.21.045 as contained in CSSB 485(SA). Under subsection (a), in addition to the fund consisting of money appropriated to it and money transferred to the department for information services, it includes the proceeds from the sale of surplus or other assets of the department used for information services.

This wording was added to address concerns over the disposition of sale proceeds. Without specifically providing for the disposition, it is unclear as to where the money should go. The Working Capital Fund, for example, has this ambiguity. This would allow for the proceeds to be used, based on appropriation, to offset future equipment or other asset acquisition costs.

Under subsection (b), it is proposed that instead of excess money at the end of the fiscal year being transferred to an account in the general fund, that the excess money constitutes program receipts that are subject to the procedures of AS 37.07.080(h), the revised program process of the Legislative Budget and Audit Committee.

This provision, coupled with the appropriation language added to subsection (c), requires the department to go before the Legislative Budget and Audit Committee for any unbudgeted RSA money. Effectively, this gives the Legislature oversight of the revenue flow generated by the department for information services in excess of the budgeted amounts.

Subsection (c) adds the provision that except for the revised program process provided for in subsection (b), money in the fund may only be expended in accordance with legislative appropriation.

This language makes it clear that the department cannot use the money in the fund unless it is appropriated by the Legislature. Any "unappropriated" fund balance would be available to offset general fund budget requests for information services operations or capital equipment; or it could be appropriated for any other purpose specified by the legislature.

The remainder of the proposed CS is the same as the bill that is now before the Finance Committee.

(These changes were recommended by the Legislative Auditor and are incorporated in the Finance CS)