

**SB**

**2009**

SFIN

FILE

# SENATE FINANCE COMMITTEE REPORT

DATE: 1/21/98

FURTHER: 1/26/98

DATE TURNED IN TO OFFICE: 1/26/98

Finance Committee considered SENATE BILL NO. 209

"An Act relating to the Task Force on Privatization; and providing for an effective date."

and recommends:

- be replaced with \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous \_\_\_\_\_ CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt Letter of Intent by \_\_\_\_\_ Committee
- further referral to the \_\_\_\_\_ Committee

- Senate Bill:**
- same title
  - new title
- House Bill:**
- same title
  - technical title
  - new: SCR# \_\_\_\_\_

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>Reed E. Kelly</i>	✓	<i>Lee Adams</i>	✓		
<i>John Sargent</i>	✓				
Co-Chair: <i>DeMarco</i>	✓	Co-Chair:			
Co-Chair: <i>Sam Allyn</i>	✓	Co-Chair:			

**NEW FISCAL NOTE(S):**

Department                      Date      Zero      Fiscal


**PREVIOUS FISCAL NOTE(S):\***

Department                      Date      Zero      Fiscal

LAA	1/19/98		25.3
OMB	1/13/98		**

APPROPRIATION -- no fiscal note

\*include fiscal notes accompanying Governor's bill

1/26/98

# FISCAL NOTE

STATE OF ALASKA  
1998 LEGISLATIVE SESSION

BILL NO. SB 209

Revision Date (Note if correction) \_\_\_\_\_ Dept. Affected All departments  
 Title An Act relating to the Task Force BRU \_\_\_\_\_  
on Privatization. Component \_\_\_\_\_  
 Sponsor Sen. Ward  
 Requester Senate State Affairs Committee Component Serial No. \_\_\_\_\_

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	*****	*****	*****	*****	*****	*****

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	*****	*****	*****	*****	*****	*****

Estimate of any current year (FY98) cost: \*\*\*\*\*

**POSITIONS**

Full-time						
Part-time						
Temporary						

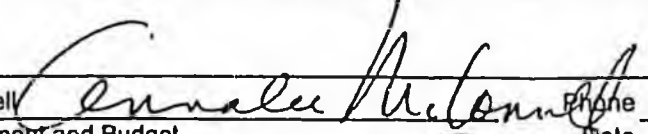
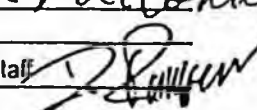
**ANALYSIS:** (Attach a separate page if necessary)

This bill would establish a Task Force on Privatization, which would, among other tasks, "identify functions of our state government that could economically and appropriately be privatized, if any."

Most of the state's labor agreements include provisions which require the state to conduct feasibility studies determining potential costs and benefits before any decisions are made on contracting out work currently performed by state employees. Therefore, before any decisions are made on implementation of the Task Force's recommendations to privatize state functions covered by these labor agreements, the feasibility studies required by the labor agreements would need to be conducted.

Prior feasibility studies of this type have cost from approximately \$20,000 to \$50,000 per study. However, because the need for feasibility studies will depend on the recommendations of the Task Force, these costs, and the departments affected, cannot be estimated now. This is why asterisks are shown on this fiscal note.

In addition to feasibility studies, the labor agreements require other procedures to be followed before contracting out of work can be done.

Prepared by Annalee McConnell  Phone 465-4676  
 Division Office of Management and Budget Date 1/13/98  
 Approved by Commissioner Jim Ayers, Chief of Staff  Date \_\_\_\_\_  
 Agency Office of the Governor

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# FISCAL NOTE

1/26/98

**STATE OF ALASKA**  
**1998 LEGISLATIVE SESSION**

**NO.** \_\_\_\_\_  
**BILL VERSION:** SB 209  
**PUBLISH DATE:** \_\_\_\_\_

Revision Date: \_\_\_\_\_  
 Title: "An Act relating to the Task Force on Privatization; and providing for an effective date."  
 Sponsor: Senator Ward  
 Requestor: Senate State Affairs

Department / Affected: Legislative Affairs Agency  
 BRU: Legislative Council  
 Component: Council & Subcommittees

**COMPONENT SERIAL NO:**

**Expenditures/Revenues: (Thousands of Dollars)**

OPERATING	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	22.1	0.0	0	0	0	0
CONTRACTUAL	3.2	0.0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>25.3</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>CAPITAL</b>	0	0	0	0	0	0
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<b>REVENUE FUND SOURCE</b>	0	0	0	0	0	0
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**FUNDING: (Thousands of Dollars)**

GENERAL FUND	25.3	0.0	0	0	0	0
FEDERAL FUNDS						
OTHER FUND SOURCE						
<b>TOTAL</b>	<b>25.3</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**POSITIONS:**

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

Estimate of current year impact: \_\_\_\_\_

**ANALYSIS: (Attach a separate page if necessary)**

SB209 establishes a 13 member Task Force on Privatization consisting of 3 members appointed by the Governor, 4 public members appointed by the presiding officers of the Alaska State Legislature, and 6 Legislators. This task force will review and report to the Legislature and the Governor regarding the feasibility of privatization of some government functions. The report is due November 15, 1998.

Prepared By: Karla Schofield, Deputy Director *Karla Schofield* Phone: 465-3852  
 Division: Administrative Services Date: 1/19/98

Approved By: Pamela A. Varni, Executive Director *Pamela Varni*  
 Agency: Legislative Affairs Agency Date: 1/19/98

Distribution (by preparer): Leg. Finance, Legislative Sponsor, Requestor, OMB, Gov. , & Impacted Agency(ies).

**CONTINUATION OF FISCAL NOTE: SB 209**

**Travel**

Travel costs for the Governor's appointees will be paid for by the Office of the Governor. FY98 travel costs for Legislators and public members will be absorbed within existing budgets. This fiscal note contains FY99 travel funding for Legislators and public members appointed by the Presiding Officers.

If the task force begins work in FY98 they are expected to travel once in FY98, and three times in FY99 to hold meetings. Any other meetings of the task force will be conducted by teleconference.

For the purposes of this fiscal note, the public members of the task force appointed by the presiding officers are assumed to be 1 from Fairbanks, 2 from Anchorage and 1 from Ketchikan. The Legislators are assumed to be 3 from Anchorage, 1 from Fairbanks, 1 from Ketchikan, and 1 from Juneau. Two days of per diem are calculated for each meeting. 1 Staff person from Anchorage will attend the meetings.

	<u>Per Diem</u>	<u>Travel</u>	
<u>2 Anchorage Meetings</u>			
Anchorage - 2 public members/3 Legislators/1 Staff	-	-	
Fairbanks - 2 public members/1 Legislator	1,278	1,110	
Ketchikan - 1 public member/1 Legislator	852	1,240	
Juneau - 1 Legislator	426	470	
<u>1 Fairbanks Meeting</u>			
Anchorage - 2 public members/3 Legislators/1 Staff	2,172	2,220	
Fairbanks - 2 public members/1 Legislator	-	-	
Ketchikan - 1 public member/1 Legislator	724	1,560	
Juneau - 1 Legislator	362	655	
<u>1 Juneau Meeting</u>			
Anchorage - 2 public members/3 Legislators/1 Staff	2,016	2,820	
Fairbanks - 2 public members/1 Legislator	1,008	1,965	
Ketchikan - 1 public member/1 Legislator	672	580	
Juneau - 1 Legislator	-	-	
<b>Total FY99 Travel</b>	<b>9,510</b>	<b>12,620</b>	<b>TOTAL 22,130</b>

**Contractual**

	Phones \$100/month	Postage \$50/month	Advertisizing \$750/meeting	<b>TOTAL</b>
FY99	600	300	2,250	3,150

Teleconference charges and expenses for printing the report will be absorbed by the Agency.

SENATE BILL NO. 209

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

BY SENATOR WARD

Introduced: 1/12/98

Referred: State Affairs, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the Task Force on Privatization; and providing for an  
2 effective date."

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

4 \* Section 1. FINDINGS AND INTENT. (a) The legislature finds that

5 (1) the annual cost of state government is exceeding the annual revenue of the  
6 state;

7 (2) there may be functions of state government that could be performed more  
8 efficiently by individuals or businesses in the private sector;

9 (3) other states are considering privatization of some of their governmental  
10 functions;

11 (4) more information is needed before the legislature can determine whether  
12 privatization is a feasible alternative for this state to pursue in controlling its fiscal problems.

13 (b) The legislature intends to consider all reasonable methods to deal with the state  
14 revenue shortfall and control excess growth in government.

1 \* Sec. 2. TASK FORCE ON PRIVATIZATION ESTABLISHED. (a) There is established  
2 in the legislative branch the Task Force on Privatization consisting of

3 (1) three members appointed by the governor; one shall be a public member  
4 selected from a list of nominees submitted by labor organizations that represent state  
5 employees primarily engaged in building or other trades, and one shall be a public member  
6 selected from a list of nominees submitted by labor organizations that represent state  
7 employees that are not primarily engaged in building or other trades;

8 (2) three members of the senate appointed by the president of the senate; two  
9 shall be members of the majority, and one shall be a member of the minority;

10 (3) three members of the house of representatives appointed by the speaker of  
11 the house; two shall be members of the majority, and one shall be a member of the minority;

12 (4) two public members appointed by the president of the senate; and

13 (5) two public members appointed by the speaker of the house.

14 (b) The president of the senate shall select a member from among those appointed to  
15 the task force by the president of the senate to serve as co-chair of the task force. The  
16 speaker of the house of representatives shall select a member from among those appointed to  
17 the task force by the speaker of the house of representatives to serve as co-chair of the task  
18 force.

19 \* Sec. 3. COMPENSATION OF PUBLIC MEMBERS. The public members of the Task  
20 Force on Privatization are not eligible for compensation but are entitled to per diem and travel  
21 expenses authorized for boards and commissions under AS 39.20.180.

22 \* Sec. 4. MEETINGS; OATH. (a) The Task Force on Privatization shall meet as  
23 frequently as the task force determines necessary to perform its work and may meet during  
24 the interim as well as during legislative sessions. The task force may meet and vote by  
25 teleconference.

26 (b) A co-chair of the task force may administer an oath to a witness appearing before  
27 the task force.

28 \* Sec. 5. DUTIES. The Task Force on Privatization shall

29 (1) review and evaluate the policies and recommendations of the other states  
30 that are studying or have implemented recommendations to privatize any of their governmental  
31 functions;

1                   (2) review state contracting policy and procedures, including competitive  
2 bidding procedures;

3                   (3) identify functions of our state government that could economically and  
4 appropriately be privatized, if any;

5                   (4) solicit public comment about its subjects of consideration; and

6                   (5) submit a written report of its findings and recommendations to the governor  
7 and the legislature by November 15, 1998, concerning privatization of government functions  
8 of state agencies; the report must suggest legislation that may be needed to accomplish the  
9 recommendations.

10    \* Sec. 6. This Act is repealed on December 1, 1998.

11    \* Sec. 7. This Act takes effect immediately under AS 01.10.070(c).