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Alaska State Legislature

Senate

Sponsor Statement Senate Bill 68

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

Privatization is the fundamental political and economic reassessment of the role of government and the private sector in the modern state. It is a variety of management techniques and activities encouraging more involvement of the private sector in providing government services. Markets are efficient only when they are competitive, however efficiency should not be government's only goal. Government must balance the pursuit of efficiency with effectiveness, while maintaining the confidence of the people it represents.

Senate Bill 68 was introduced to establish a task force that will review functions of state government that could easily be transferred to the private sector. The task force will have members from the public, legislative and executive branches of government.

This will be the first all encompassing look at privatizing governmental services in Alaska. Forty-eight other states, including Alaska, have privatized some governmental services. When enacted, this bill will evaluate which services could be provided more efficiently by the private sector as well as highlight those services that are better provided by the government. The report should provide a road map for reducing the size and cost of state government, without reducing service, while providing options for the future.

Senate Bill 68 will also look into the State's contracting procedures to make sure Alaskans are getting the most out of every contracting dollar spent.

This bill has been endorsed by the Alaska Trucking Association, Gold Belt Inc., and several others. Privatization of governmental services is one of the top priorities of the Alaska State Chamber of Commerce.

FISCAL NOTE

No. 3

STATE OF ALASKA
1997 LEGISLATIVE SESSION

Bill Verson: CSSB 68 (FIN)
(S) Publish Date: 3-26-97

Revision Date: _____ Dept. Affected: Office of the Governor
 Title: "An Act relating to the Task Force on BRU: Executive Operations
 Privatization; ..." Component: Executive Office
 Sponsor: Senators Ward, Wilken
 Requester: Senate Finance Committee COMPONENT SERIAL NO. 6

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL	*****	*****				
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	*****	*****	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE

(Thousands of Dollars)

FUND SOURCE	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
1002 Federal Receipts						
1003 GF Match						
1004 GF	*****	*****				
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	*****	*****	0.0	0.0	0.0	0.0

Estimate of any current year (FY97) cost: \$ 0.0

POSITIONS

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

The composition of the task force envisioned by the bill involves both executive and legislative membership. This involves constitutional issues, for which the Administration may urge changes in this bill. However, as written the bill states that two of the three members appointed by the Governor will be public members. It is assumed that travel expenses will be incurred by members to attend meetings. Traditionally such costs are budgeted by the agency or branch housing the task force. This fiscal note assumes that the travel costs for all public members are included in the Legislative Affairs fiscal note.

Due to the nature of the subject in this bill, it is likely that the Administration's third appointee would be a state official in the Executive Branch. Historically, agencies involved pay the costs of Executive Branch state official participation. Should this be the case, fiscal impact in travel funding for FY98 would be 2.0, and .6 in FY99.

Prepared by: Michael Nizich, Administrative Director
 Division: Administrative Services
 Approved by Commissioner: Jim Ayers, Chief of Staff
 Agency: Office of the Governor

Phone: 465-3876
 Date: 3/24/97
 Date: _____

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Fiscal note assumes one of the Governor's appointees will be from the Executive Branch and a resident of Juneau. After discussion with Legislative Affairs, the note further assumes travel costs for this appointee to attend task force meetings as follows:

FY98**2.0**

4 meetings total:

2 Anchorage:

airfare -	\$444 x 2 trips =	\$ 888
per diem, lodging, grd. trans.	\$194 x 2 =	\$ 388

1 Fairbanks:

airfare -	\$574 x 1 trip =	\$ 574
per diem, lodging, grd. trans.	=	\$ 194

1 Juneau: no cost

FY99**0.6**

1 Anchorage:

airfare -	\$444 x 1 trip =	\$ 444
per diem, lodging, grd. trans.	=	\$ 194

1 Juneau: no cost

FISCAL NOTE No. 2

STATE OF ALASKA
1997 LEGISLATIVE SESSION

Bill Version: CSSB 68 (FIN)
(S) Publish Date: 3-26-97

Revision Date: 2/24/97
Title: An Act relating to the Task Force on Privatization.

Dept. Affected: See analysis below
BRU: _____
Component: _____

Sponsor: Senator Ward
Requester: Senate State Affairs Committee

COMPONENT SERIAL NO. _____

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	*****	*****	*****	*****	*****	*****

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other						
TOTAL	*****	*****	*****	*****	*****	*****

Estimate of any current year (FY97) 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 work can be contracted out.

Prepared by: Annalee McConnell, Director *Annalee McConnell* Phone: 465-4660
Division: Office of Management and Budget Date: 2/24/97

Approved by Commissioner: Jim Ayers, Chief of Staff Date: 2/24/97
Agency: Office of the Governor

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FISCAL NOTE

STATE OF ALASKA
1997 LEGISLATIVE SESSION

NO. _____
BILL VE No. 1
PUBLIS Bill Verson: CS SB 68 (FIN)
(S) Publish Date: 3-26-97

Revision Date: _____
Title: "An Act relating to the Task Force on Privatization; and providing for an effective date."
Sponsor: Senator Ward
Requestor: Senate Finance Committee

Department Affected: Legislative Affairs Agency
BRU: All
Component: All

COMPONENT SERIAL NO:

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	13.1	10.0	0	0	0	0
CONTRACTUAL	4.8	2.4	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	17.9	12.4	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	17.9	12.4	0	0	0	0
FEDERAL FUNDS						
OTHER FUND SOURCE						
TOTAL	17.9	12.4	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

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary)

CS SB68(FIN) establishes a 13 member Task Force on Privatization consisting of 3 members appointed by the Governor, 2 of whom are public members, 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.

Prepared By: Karla Schofield, Deputy Director *Karla Schofield* Phone: 465-3852
Division: Administrative Services Date: 3/23/97

Approved By: Pamela A. Varni, Executive Director *Pamela A. Varni*
Agency: Legislative Affairs Agency Date: 3/23/97

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

Travel

Travel costs for one Governor's appointee will be paid for by the Office of the Governor. FY 97 travel costs for the two public members appointed by the Governor, Legislators and public members appointed by the presiding officers will be absorbed within existing Legislative budgets. This Fiscal note contains FY98 and FY99 travel amounts for the public members.

If the task force begins work in FY97 it is expected to travel once in FY97, 4 times in FY98, and 3 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, 2 public members are assumed to be from Fairbanks, 3 from Anchorage, and 1 from Ketchikan. 2 days of per diem are allocated for each meeting.

	Per Diem	Travel	
<u>FY 98</u>			
2 Anchorage Meetings			
3 Anchorage members	0	0	
2 Fairbanks members	1,736	1,328	
1 Ketchikan member	868	1,240	
1 Fairbanks Meeting			
3 Anchorage members	1,026	996	
2 Fairbanks members	0	0	
1 Ketchikan member	342	690	
1 Juneau Meeting			
3 Anchorage members	1,026	1,398	
2 Fairbanks members	684	1,148	
1 Ketchikan member	342	268	
Total FY98 Travel	6,024	7,068	13,092

<u>FY99</u>			
2 Anchorage Meetings			
3 Anchorage members	0	0	
2 Fairbanks members	1,736	1,328	
1 Ketchikan member	868	1,240	
1 Juneau Meeting			
3 Anchorage members	1,026	1,398	
2 Fairbanks members	684	1,148	
1 Ketchikan member	342	268	
Total FY99 Travel	4,656	5,382	10,038

Contractual

	Phones \$100/month	Postage \$50/month	Advertizing 750/meeting	TOTAL
FY98	1,200	600	3,000	4,800
FY99	700	350	1,500	2,550

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