

SB

33

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: April 28, 1999

FURTHER REFERRALS:

Date of Committee Action: 4/28/99

The FINANCE Committee considered:

CSSB 33(FIN)

CS FOR SENATE BILL NO. 33(FIN)

TASK FORCE ON PRIVATIZATION

"An Act relating to contracts for the performance of certain state functions previously performed by state employees and to the Commission on Privatization and Delivery of Government Services; and providing for an effective date."

recommends it be replaced
with the following committee substitute

HCS CS SB 33(FIN)

the same title
 a new title

additional referral to _____ Committee

attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept)

APPROVES PREVIOUS: (Dept/Date)

fiscal note(s) LAA

fiscal note(s) Senate Gov 2/1/99

Indeterminate

zero fiscal note(s)

zero fiscal note(s)

| SIGNING WITH RECOMMENDATIONS | DP | DNP | NR | AM |
|--|----|-----|-----|----|
| <i>Gene Thernault</i> Gene Thernault | | | X | |
| <i>Eldon Mulder</i> Eldon Mulder | | | X | |
| <i>Con Bundo</i> Con Bundo | | | X | |
| <i>Vic Kohring</i> Vic Kohring | X | | | |
| <i>Alan Austerman</i> Alan Austerman | | X | | |
| <i>Ben Grussendorf</i> Ben Grussendorf | | X | | |
| <i>John Davies</i> John Davies | | | | X |
| <i>Richard Foster</i> Richard Foster | | | (X) | |
| <i>Gary Davis</i> Gary Davis | | | X | |
| <i>Carl Moser</i> Carl Moser | | X | | |
| <i>W. K. Williams</i> W. K. Williams | | | X | |

CHAIR'S SIGNATURE

Gene Thernault *Eldon Mulder*

FISCAL NOTE

No. 1
Bill Version: SB 33

BILL (S) Publish Date: 2/1/99

STATE OF ALASKA
1999 LEGISLATIVE SESSION

Revision Date/Time (Note if correction) _____ Dept. Affected _____ See analysis below
Title An Act relating to the Task Force on Privatization. BRU _____
Sponsor Senator Ward Component _____
Requester Senate State Affairs Committee Component Serial No. _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

| OPERATING EXPENDITURES | FY 2000 | FY 2001 | FY 2002 | FY 2003 | FY 2004 | FY 2005 |
|------------------------|---------|---------|---------|---------|---------|---------|
| Personal Services | | | | | | |
| Travel | | | | | | |
| Contractual | | | | | | |
| Supplies | | | | | | |
| Equipment | | | | | | |
| Land & Structures | | | | | | |
| Grants & Claims | | | | | | |
| Miscellaneous | | | | | | |
| TOTAL OPERATING | ***** | ***** | ***** | ***** | ***** | ***** |

| | | | | | | |
|-----------------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
|-----------------------------|--|--|--|--|--|--|

| | | | | | | |
|-------------------------------|--|--|--|--|--|--|
| 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 (Specify Type) | | | | | | |
| TOTAL | ***** | ***** | ***** | ***** | ***** | ***** |

Estimate of any current year (FY99) 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 Phone 465-4650
Division Office of Management and Budget Date/Time 1/27/99 5:25 PM
Approved by Commissioner Jim Ayers, Chief of Staff Date _____
Agency Office of the Governor

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

For further distribution information, call the Governor's Legislative Office

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

NO. _____
BILL VERSION: SB 33
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 Finance

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

COMPONENT SERIAL NO:

Expenditures/Revenues: (Thousands of Dollars)

| OPERATING | FY 00 | FY 01 | FY 02 | FY 03 | FY 04 | FY 05 |
|------------------------|-------------|-------------|----------|----------|----------|----------|
| PERSONAL SERVICES | 0 | 0 | 0 | 0 | 0 | 0 |
| TRAVEL | 21.8 | 11.0 | 0 | 0 | 0 | 0 |
| CONTRACTUAL | 4.2 | 2.5 | 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 | 26.0 | 13.5 | 0 | 0 | 0 | 0 |

| | | | | | | |
|---------|---|---|---|---|---|---|
| CAPITAL | 0 | 0 | 0 | 0 | 0 | 0 |
|---------|---|---|---|---|---|---|

| | | | | | | |
|---------------------|---|---|---|---|---|---|
| REVENUE FUND SOURCE | 0 | 0 | 0 | 0 | 0 | 0 |
|---------------------|---|---|---|---|---|---|

FUNDING: (Thousands of Dollars)

| | | | | | | |
|-------------------|-------------|-------------|----------|----------|----------|----------|
| GENERAL FUND | 26.0 | 13.5 | 0 | 0 | 0 | 0 |
| FEDERAL FUNDS | | | | | | |
| OTHER FUND SOURCE | | | | | | |
| TOTAL | 26.0 | 13.5 | 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)

SB 33 establishes a thirteen member Task Force on Privatization consisting of three members appointed by the Governor, four public members appointed by the presiding officers of the Alaska State Legislature, and six 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 January 1, 2001.

Prepared By: Karla Schofield, Deputy Director *Karla Schofield* Phone: 465-3852
Division: Administrative Services Date: 2/19/99

Approved By: Pamela A. Varni, Executive Director *Pamela A. Varni*
Agency: Legislative Affairs Agency Date: 2/19/99

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

CONTINUATION OF FISCAL NOTE: SB 33

Travel

Travel costs for the Governor's appointees will be paid for by the Office of the Governor. FY99 travel costs for Legislators and public members will be absorbed within existing budgets. This fiscal note contains FY00 and FY01 travel funding for Legislators and public members appointed by the presiding officers.

If the task force begins work in FY99 they are expected to travel once in FY99, and three times in FY00 and twice in FY01 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>1 Anchorage Meetings</u> | | | |
| Anchorage - 2 public members/3 Legislators/1 Staff | - | - | |
| Fairbanks - 1 public members/1 Legislator | 852 | 752 | |
| Ketchikan - 1 public member/1 Legislator | 852 | 1,236 | |
| Juneau - 1 Legislator | 426 | 466 | |
| <u>1 Fairbanks Meeting</u> | | | |
| Anchorage - 2 public members/3 Legislators/1 Staff | 2,172 | 2,256 | |
| Fairbanks - 1 public members/1 Legislator | - | - | |
| Ketchikan - 1 public member/1 Legislator | 724 | 1,552 | |
| Juneau - 1 Legislator | 362 | 624 | |
| <u>1 Juneau Meeting</u> | | | |
| Anchorage - 2 public members/3 Legislators/1 Staff | 1,932 | 2,796 | |
| Fairbanks - 1 public members/1 Legislator | 644 | 1,248 | |
| Ketchikan - 1 public member/1 Legislator | 644 | 548 | |
| Juneau - 1 Legislator | - | - | |
| Total FY00 Travel | 8,608 | 11,478 | TOTAL |
| Total FY01 Travel | | | 20,086 |
| | | | 11,000 |

Contractual

| | Phones \$100/month | Postage \$50/month | Advertizing \$800/meeting | TOTAL |
|------|-----------------------|-----------------------|------------------------------|-------|
| FY00 | 1200 | 600 | 2,400 | 4,200 |
| FY01 | 600 | 300 | 1,600 | 2,500 |

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

I-LS0317W.2
Cook
4/28/99

adopted

AMENDMENT 43

OFFERED IN THE HOUSE

TO: HCS CSSB 33(STA)

- 1 Page 3, lines 6 - 7:
- 2 Delete all material and insert:
- 3 "(5) one member appointed by legislators who are members of the rural bush
- 4 caucus;"

pg 2 : 4

amended

Delet 2:3

**HOUSE CS FOR CS FOR SENATE BILL NO. 33(STA)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIRST LEGISLATURE - FIRST SESSION**

BY THE HOUSE STATE AFFAIRS COMMITTEE

Offered: 4/28/99
Referred: Finance

Sponsor(s): SENATOR WARD

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to contracts for the performance of certain state functions
2 previously performed by state employees and to the Commission on Privatization
3 and Delivery of Government Services; and providing for an effective date."

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

- 5 * Section 1. FINDINGS AND INTENT. (a) The legislature finds that
- 6 (1) the annual cost of state government is exceeding the annual revenue of the
- 7 state;
- 8 (2) the State of Alaska, other states, and the federal government have
- 9 successfully and substantially reduced government spending and increased government
- 10 efficiency by contracting with third parties to perform particular state or government functions;
- 11 (3) there may be functions of our current state government that can be
- 12 performed more efficiently by any or all of the following entities:
- 13 (A) nongovernmental or private organizations;
- 14 (B) local government or regional service organizations;

H

1 (4) there may be functions that state government should not continue to
2 perform, but should leave to the federal government;

3 (5) there may be state government functions that should be consolidated or
4 otherwise performed more efficiently;

5 (6) there exist state government functions that would be inappropriate to
6 contract out to nongovernmental agencies;

7 (7) there may be functions of state government that should cease.

8 (b) The legislature finds it is in the best interest of the state to make a formal
9 determination of which state government functions can and should be transferred entirely to
10 private entities or to local government agencies and whether the state should stop performing
11 some functions for the federal government. The legislature also finds that it is in the best
12 interest of the state to determine which state government functions can be consolidated or
13 otherwise made more efficient.

14 (c) The legislature intends to make the determination set out in (b) of this section in
15 order to reduce dependency on state governmental revenues for the delivery of government
16 services.

Adopted

17 * Sec. 2. AS 23.40.080 is amended by adding a new subsection to read:

delete

18 (b) If the state is considering whether to enter a contract with an entity in the
19 private sector of the economy to perform a function previously performed by state
20 employees, the affected agency or department must prepare a written review of the
21 contract proposal setting out its benefits and detriments. The review must address the
22 factors of quality of service and cost effectiveness, and may include other factors. The
23 state shall consider the review before making its decision.

Section 2:3

24 * Sec. 3. Nothing in secs. 2 of this Act terminates or modifies a collective bargaining
25 agreement in effect on the effective date of this Act.

delete

26 * Sec. 4. COMMISSION ON PRIVATIZATION AND DELIVERY OF GOVERNMENT
27 SERVICES. (a) There is created in the legislative branch of the state government the
28 Commission on Privatization and Delivery of Government Services. The commission shall
29 consist of 11 members, as follows:

30 (1) two members appointed by the governor, one of whom shall be a
31 representative of the labor unions;

1 (2) one member of the senate appointed by the president of the senate who
2 shall serve as co-chair;

3 (3) one member of the house appointed by the speaker of the house who shall
4 serve as co-chair;

5 (-) one member appointed by the Alaska Municipal League;

6 (5) one member of the local boundary commission appointed by the local
7 boundary commission;

8 (6) two public members appointed by the president of the senate;

9 (7) two public members appointed by the speaker of the house;

10 (8) one member appointed by the Alaska State Chamber of Commerce.

11 (b) The commission may appoint an advisory council to assist it in carrying out its
12 duties.

13 * Sec. 5. COMPENSATION. (a) The public members of the Commission on Privatization
14 and Delivery of Government Services appointed under sec. 4 of this Act are not eligible for
15 compensation and only the public members appointed under sec. 4(a)(6) and (a)(7) are entitled
16 to per diem and travel expenses authorized for boards and commissions under AS 39.20.180.

17 (b) Members of the advisory council appointed under sec. 4(b) of this Act are not
18 eligible for compensation, per diem, or payment of travel or other expenses by the state.

19 * Sec. 6. MEETINGS. The Commission on Privatization and Delivery of Government
20 Services shall meet as frequently as the commission determines necessary to perform its work.
21 The commission may meet and vote by teleconference.

22 * Sec. 7. DUTIES. (a) The Commission on Privatization and Delivery of Government
23 Services shall

24 (1) review and evaluate the policies and recommendations of other states that
25 are studying or have implemented recommendations to transfer the provision of government
26 services to other entities;

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

29 (3) identify state government functions capable of more efficient performance
30 in the delivery of government services, and determine whether those identified functions could
31 most effectively be provided by

- 1 (A) transferring to the private sector or contracting out;
- 2 (B) transferring to local governments or regional service organizations;
- 3 (C) the federal government;
- 4 (D) consolidation or other efficiency changes; or
- 5 (E) a combination of the approaches under (A) - (D) of this paragraph;
- 6 (4) identify state government functions that should be eliminated;
- 7 (5) identify present state government services that are most effectively and
- 8 efficiently delivered by the state and that should remain a responsibility of the state;
- 9 (6) solicit public comment about the delivery of state government services.

10 (b) By January 1, 2000, the Commission on Privatization and Delivery of Government
 11 Services shall submit a written report of its findings and recommendations to the governor and
 12 the legislature. The report must include suggested legislation that may be needed to
 13 accomplish the recommendations. The report must specify which

- 14 ^{Funded} (1) state functions should be transferred to the private sector or contracted out;
- 15 (2) state functions should be transferred to local governments or regional
- 16 service organizations;
- 17 (3) state agencies or state functions should be consolidated or otherwise made
- 18 more efficient;
- 19 (4) state functions should be performed by the federal government;
- 20 (5) state functions should be eliminated as functions of state government.

adopted

21 * Sec. 8. Sections 1 and 4 - 7 of this Act are repealed on January 1, 2000.
 22 * Sec. 9. This Act takes effect immediately under AS 01.10.070(c).

Privatization:

Privatization is the plan to look for new ways to cut the cost of Government while continuing to deliver services.

With the fiscal problems of recent years privatization forces Government to examine avidly various types of potential cost-saving miracles.

Privatization is the fundamental political and economic rethinking that today is reassessing the role of government and the private sector in the modern state.

A general definition is that privatization is a variety of management techniques and activities to promote more involvement of the private sector in providing traditional government services.

EXAMPLES

The first is the sale of government's assets, publicly owned facilities and enterprises. The private buyer assumes the obligation of providing the service to the public, although the government may keep a minority interest or veto power over certain actions. Asset sales may include the sale of airports, and heavy industrial sales of garages for maintenance of government owned vehicles.

The second form of privatization is private development infrastructure, which includes roads, bridges, public transit, water, waste water treatment, solid waste management, and institutional buildings like prisons, schools, hospitals. Private business may provide a turn key service where they design and build the facility and then lease it to government for operation or they may also operate the facility, or they may operate it under a short or long term contract.

The third form of privatization is contracting out. It is believed that the private sector can provide services cheaper than the public sector because of the advantages of competition and the reduced costs of labor and regulations. This form of privatization is the most contentious because of the threat it poses to public employees.

In spite of the debate almost every type of public service can be contracted out.

TRENDS

Privatization is one way to help reshape government. While cost savings are the most important factor, other factors have to be considered such as providing a higher quality of service, for shorter implementation time for service provision, and the ability to provide additional services not available.

1. Contracting out at least some of the health and social services is being done by 90% of all states, as well as various community health and mental health services, child enforcement
2. Corrections. Prison support services and inmate work programs are being obtained by private firms.

The most likely candidates for privatization are those for which the services are readily available in the private market, such as towing, tree trimming, street repairs, data processing, etc. Also those that are the most likely to be contracted out are at the core of government mission police, fire, water, sewage treatment, . These are the areas that government resists the most, partly because they are core of basic services of government.

Four key areas that offer immediate opportunity for privatization are:

1. Highway infrastructure which consists of private construction and maintenance
2. Corrections facilities by awarding private operating contracts for existing prisons or by private construction of new prisons.
3. Fleet and highway maintenance are highly successful because there is history of contracting out for road and bridge maintenance
4. The fourth area is the idea that significant cost savings could be achieved if state legislation required local governments to open selected services to competitive bidding.

The state or federal government should not compete with the private sector in the provision of commercially available goods and services, and that contracting out through the competitive bidding process should be pushed more aggressively. Further, commercial activities should not be contracted out without appropriate in-house competition; and savings should be used as incentives to pursue further competition and contracting. With regard to employees ,

adequate safeguards against employee displacement and that all staff reductions should be through attrition

Government needs to become a "SMART BUYER" able to determine what it wants to buy, to know how to get it, and be able to recognize and judge what it has bought.

Keep in mind that private markets are efficient only when they are competitive. Efficiency is not government's only goal; it must balance off the pursuit of efficiency with effectiveness, the need to maintain capacity, responsiveness, and trust and confidence in government. People must keep in mind that contracts are the most common and lucrative source of corruption in government.

One of the first states to form a state commission on privatization was Virginia in 1984. Since that time 22 other states have created such bodies. Michigan issued a report that included all state agencies and all types of services. Of its 200 plus recommendations those departments housing the most interest were transportation, natural resources, and management and budget. Other recommendations were to contract out financial services, inspecting/testing, and data processing.

The State of Mississippi suggested privatization in the areas of transportation, mental health, economic/community development, facilities management, education/training, financial management services, and economic /business promotion.

The State of Illinois's report recommended that more than 60 government activities be studied for privatization. It also recommended a continual review of new and existing programs for likely candidates for privatization, continual performance monitoring, and development of employee relations strategies related to the process. The recommended areas occur in six functional areas: general government, economic development, environment, human services, public services, public safety, and regulatory.

The New Jersey report recommended eight agencies: agriculture, community affairs, environmental and energy, higher education, public advocate, state, transportation, and treasury. Inspecting and permitting processes were also high on the list to be considered under privatization as well as grants in some areas.

The New York report recommends requiring competitive bidding for a specific list of government functions and the use of vouchers, deregulation, and asset sales.. The report recommends that airports be sold as shareholder owned companies. For education decentralizing the school system and giving students their choice about which to attend are considerations recommended.

The Oregon report assesses successful privatization in the state are contracting out of janitorial services, building maintenance, training, data processing, and professional services.

The Massachusetts report differs from the rest as it is issued under the governor's name to support his activities in this area. Rather than a neutral document setting out the arguments, it points to the dollars saved by the process, the benefits received, and the rigorous procedures used in making such decisions. The results are in eight functional areas: prison health care, hospital consolidation, recreational facilities, highway maintenance, housing, child support enforcement, management of child welfare revenue, and housekeeping and revenue services.

Voters have expressed clear discontent with an oversized, bureaucratic government. Smaller, smarter government is the goal of the legislative body today. Our goal is to accelerate the elimination of unnecessary bureaucracy and red tape in government. We hope to shift the emphasis of every department and agency to customer service....And we will be bold in eliminating things that don't work, that have outlived their usefulness, that can be done better by the private sector and in the process we will save money.

We need to examine the basic mission of government, looking at every single government program and agency to find and eliminate things that don't need to be done by government.

As Governor George Pataki of New York said "Let there be no mistake: to preserve and protect personal freedom, to restore individual responsibility, to create a government which is smaller, more effective and more efficient is the challenge of the '90s."

In Massachusetts under Governor William Weld an anti-privatization law was passed by the legislator. This new law established burdensome paperwork requirements. For example, agencies must

certify to the State Auditor that none of the bidder's supervisory employees has ever violated the Federal Clean Water Act or any OSHA regulations. Before the anti-privatization law, state officials estimated that privatization under Weld had saved \$237 million. Services already privatized were not affected by the legislation.

In 1994 Maryland had privatized nearly 30 functions with the state estimating a savings of about \$21 million. One of the largest privatization's was the transfer of the University of Maryland-College Park graduate apartment to the private sector, which yielded savings of \$17 million and additional operating costs of \$600,000 annually. The privatization of inmate food services saved \$1 million.

New Jersey's Governor Christine Todd Whitman's FY 1996 budget contained a number of privatization initiatives: contracting out state day care facilities, adult activity centers, a veterans home, state property management, job placement for welfare recipients and the sale of their state health plan.

The Province of British Columbia offered an opportunity for their highway employees to bid against the private sector to keep government services with the government employees. The government employees were successful in keeping several areas of service, while private enterprise took over in other areas. Government employees were able to implement cuts in areas of duplication and nonessential costs through their operational experience.

Privatization, in some instances, will allow government dollars to better serve their constituency. During times of economic downturn, the savings of revenues could be the difference in the ability to offer critical services at an optimum level. Privatization will not work in every situation. However, the potential savings needs to be discussed.

LEGAL SERVICES**DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA**

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

March 3, 1999

SUBJECT: Legislative Task Forces and Commissions

TO: Senator Jerry Ward, Chair
State Affairs Committee
Attn: Mark Hodgins

FROM: Tamara Brandt Cook
Director

TBC

You have asked about the difference between a task force established in the legislative branch of government and a commission established in the legislative branch. There is no difference inherent in the name of the organization. It will be the enabling legislation that defines the makeup and duties of the organization.

The Uniform Rules address standing committees (Rule 20) and Special and Joint Committees (Rule 21). Note that standing committees are established under the Rule itself and special and joint committees may only be established by resolution. Furthermore, under Rule 21(d) no other committee may be established unless authorized by law or by the Uniform Rules. This rule has not in the past prevented the legislature from establishing task forces or commissions by resolution. The four existing permanent interim committees are established by statute. Note also that under the Uniform Rule 37 only standing, special, joint, and permanent interim committees may introduce legislation. These types of organizations (with the exception of the Select Committee on Legislative Ethics, which does not have the statutory right to introduce legislation) have members composed entirely of legislators.

The only reason that a statute is necessary to establish a committee, task force, or commission in the legislative branch is if something about the organization needs to have the force of law, since a resolution is not binding. If, for example, it is the desire of the legislature to have members appointed by someone outside the legislative branch, such as the governor, and there is a fear that the appointment may not be made, then it may be useful to use a bill for the creation of the organization.

Separation of powers applies in this state. (*Bradner v. Hammond*, 553 P.2d 1 (Alaska 1976)) The legislature may not constitutionally create in the legislative branch a committee, task force, or other organization that exercises executive branch powers, nor may legislators serve on such an organization. (See also Art. II, sec. 5, state constitution, prohibiting a legislator from holding any other office) However, an organization that is advisory to the legislator

Senator Jerry Ward

March 3, 1999

Page 2

is not exercising an executive branch function in that it is not involved in executing the laws, but, rather, is providing information. The legislature, of course, has the power to gather information that is relevant to the exercise of its legislative duties.

TBC:jdr

99-093.jdr



PRIVATIZATION WATCH

PUBLIC POLICY INSTITUTE ♦ PRIVATIZATION CENTER

No. 265 ♦ January 1999

Email me editor at
[Email address]

Call the Privatization
Hotline at 310/391-6525

THREE STATES LEADING THE WAY IN CHILD WELFARE PRIVATIZATION

That "America's child welfare system is cumbersome, inefficient, and costly" and that "paperwork and protocol often overshadow the best interests of children" are among the findings in "Blueprint for the Privatization of Child Welfare," a study recently released by the Reason Public Policy Institute.

Three states—Texas, Michigan, and Kansas—have taken the lead in remedying these and other problems through privatization. Although their programs differ, their goals are the same: to better serve the needs of the children and families in their care.

Texas

In Texas, the child welfare department was having problems with its outdated management information system (MIS). As the study points out, "a child in foster care whose file is misplaced, whose health records are kept in an office across the state from his foster family's home, whose court dates are repeatedly postponed because the state cannot adequately gather records pertinent to his case, is left adrift in a system. This is the human cost of a very limited MIS that can amount to months, even years, of a child's life."

Until as recently as 1989, the Texas child welfare department tracked nearly 8,000 children with a system of three-by-five cards and nine separate computer systems. It took nearly seven years for the department to upgrade its antiquated system with a centrally located and efficient information system. They accomplished this by employing a qualified private contractor to meet their four primary goals:

- Goal 1: Reduce the risk of harm to children and vulnerable adults and improve services by enhancing caseworker productivity and efficiency.
- Goal 2: Improve the quality, timeliness, and utilization of information for all levels of staff.
- Goal 3: Support management of resources to maximize client outcome.
- Goal 4: Provide electronic interface ability with agencies and service providers outside the Texas Department of Protective and Regulatory Services to facilitate data exchanges and verification.

The child welfare department not only met these goals but also realized substantial savings as well. They expect to cut costs over the first

PRIVATIZING MARINAS, PART 1: TRENDS AND METHODS

This is the first report in a two-part series on marina privatization. It is condensed with permission from a series of articles written by Neil Ross in the May 1998 issue of Boating Industry Magazine.

Public marinas in the United States are converting to private management at an increasing rate. According to boating-industry experts, most of the existing publicly operated marinas in the nation may be heading toward privatization over the next 10 to 15 years.

Why Privatize?

1. Taxpayers do not want to further subsidize "rich yachtsmen." The day of government money being available for boaters has largely disappeared. Public officials are looking for other ways to get better service at lower cost and even generate income.
2. Many publicly built facilities are getting old and more expensive to maintain. Most need major modernization because they were built for a type of boat that is very different from what most boaters have now.
3. Government agencies are notoriously weak on maintenance budgets. As a result, many public marinas are showing their age and are increasingly in disrepair. And the coastal and environmental restrictions on marinas have grown so much that governments increasingly

Check out the new privatization web site at www.privatization.org

Inside this Issue

- Truckers Decry Tolls 7
- Toll Projects 7
- Army Logistics 3
- HOT/HOV Lanes 4
- Privatization Briefs 7
- Who, What, Where 8

See PRIVATIZING on page 6

See PUBLIC on page 5

PUBLIC MARINAS FOR PRIVATE USE?

have trouble complying with—and paying for the studies required by—their own regulations and those of other levels of government.

4. Marinas are really a hospitality business that must cater to and serve customers. This is not a strong feature of government agencies or their employees. Government workers are paid the same whether the marina does well or not, and are not rewarded when they do a great job. Some public marinas even close their offices on major holidays such as Labor Day, when their facilities are most in demand.

For many local governments, privatization appears to be the best long-term solution. Unlike public bodies, profit-seeking business managers tend to make quick decisions to solve problems as they occur. They can easily spend cash to fix problems.

Under privatization, the government can sell the marina outright or remain in the loop by owning the land/water and overseeing contracts for operation. Taxpayers benefit from reduced cost and revenue from the marina, boaters get superior service and better facilities.

Trends

The National Marine Manufacturers Association estimates that there are more than 10,000 marinas across the United States; of these, about 70 percent are private and about 30 percent are public.

The four most active states in marina privatization are California, Illinois, Wisconsin, and Florida. Almost all the marinas currently (or soon to be) under private management are in the coastal areas, but the trend will likely move inland to lake and river facilities over the next decade.

"Most of all the big public marinas in California have been approached by private management corporations," says John Corrough, marina consultant and port master planner for the Corrough Consulting Group, in Newport Beach, California. "Many of the municipalities are considering private management and have studies ongoing. Eight to 12 major public marinas are actively planning to take this step."

Corrough says California's Proposition 20 absolutely restricted the flow of money for marina development and capital improvements and that the state and local governments just have no money available for marinas. He also notes that the U.S. Army Corps of Engineers has largely withdrawn from marina dredging and construction and that the big push of the '60s and '70s to build major harbors and public marina facilities is over.

Much of the bidding to lease and manage public marinas is being done by two national companies: Westrec Marinas (Encino, California) and newcomer Marina Management International, owned by dock manufacturer Bellingham Marine Industries (Bellingham, Washington). In regional markets, there is competition from several other management companies, including Almar (Palos Verdes, California); Hoty En-

terprises (Westlake, Ohio); and Skipper Marine Development (Winthrop Harbor, Illinois).

Types of Privatization

According to William Anderson, president of Westrec Marinas, the two main methods of marina privatization are:

Direct Management Contract. This is the preferred method when the government wants to retain ownership of the marina or when a charter or state law prevents a lease. The length of typical marina management contracts varies from 3 to 20 years, with 10 years common. Renewal is based on good revenues and performance. Generally, the government pays an annual management fee, which increases each year by a certain percentage, plus a percentage of revenues. However, if there is any nontaxable bond money involved in the marina, IRS regulations prohibit giving a percentage of its income to private corporations.

Long-Term Lease. This is the preferred method when a public marina needs major repair and the government doesn't have the money to pay for it. A long-term lease allows cost recovery plus profit for the private operator.

"Each conversion is different because of differing laws and regulations, and we need to customize our packages to meet the municipal needs," Anderson says. "I see this as a long-term trend for all levels of government—federal, state and local."

Examples

In Wisconsin, Sheboygan City Development Director Robert Peterson says: "We built and opened our public marina in 1994. Working with 28 business CEO advisors, the city decided it didn't

have the expertise or skills to run marinas and sent out a Request for Proposals (RFP) for management help during construction and operation."

The city received three bids and gave a 10-year renewable management contract to Skipper Marine Development to run the city's marina. Skipper put up \$320,000 of its own money and constructed a Harbor Clubhouse, a swimming pool, and other amenities.

According to Peterson, Skipper gets an annual management fee, which increases 3 percent per year, plus 13.5 percent of net operating profit. The marina has 255 slips now, and Skipper is adding 56 more this year.

"We expect to total 466 slips in a few more years," says Peterson. "The marina is exceeding our projections on slip occupancy, transient visitors, fuel sales and other services. Good security and cleanliness are the two most common compliments we get from boaters."

Cabrillo Marina in the Port of Los Angeles is a public marina in the process of converting to private management. It has 1,180 slips that were built when federal, state, and city money was available.

"This type of public/public/public (federal/state/city) partnership is out the window now," Corrough says. "The private contract will include payment of a flat rental fee plus a percent of various gross revenues to the port. Cabrillo has been widely known for its low rates—well below market—and this will change. In return, slip rates will change from \$8 per foot per month across the board to a graduated rate system of \$10 to \$15 per foot."

See next month's *Privatization Watch* for "Privatizing Marinas, Part II: Lessons Learned and Best Practices."

PRIVATIZING CHILD WELFARE IMPROVES SERVICES

10 years of the contract by more than half, from \$199 million to \$97 million—over \$100 million in tangible savings, along with increased quality and efficiency gains.

Michigan

The primary goal of child welfare officials in Michigan is to have children adopted as quickly and efficiently as possible, minimizing the amount of time in foster care. In 1987 they implemented a program that relies heavily on private agencies. They altered their child welfare policy to allow (1) imposing time limits on moving children out of foster care and into adoption, (2) a tighter definition of abandonment, thereby reducing the number of children entering the system unnecessarily, (3) economic incentives for quicker adoptions, and (4) making information on adoptable children more available. Since then, the rate of adoptions has steadily increased, with considerable growth in the adoption of "special needs," or "hard to place," children. The success of Michigan's adoption program is detailed in Table 1.

By offering financial incentives for placing children more quickly, Michigan has created a "culture of adoption," that rewards successful adoptions and penalizes warehousing.

Kansas

Kansas has engaged in the most-comprehensive child welfare privatization program to date. A variety of problems and legal pressures in the late 1980s and early 1990s led the state to consider privatization as a means of meeting its obligations and providing the best possible service. Although it was the legislature that recommended privatization, it was the agency itself that took up the cause and pushed reform forward.

Cost savings were not the primary focus. As Gov. Bill Graves put it, "This isn't about saving money. In fact, it may very well cost us more money, and that is OK in the long run if the results are more positive for the children of our state." Their goals were fourfold:

- Establish clearly defined program goals that must be met.

Under the old method, the state was not held accountable if a child lingered in foster care.

- Achieve quality and cost-effectiveness through competition. Under the old method, the state ran everything—for better and for worse.
- Ensure that children and families are assigned to a single case manager throughout the service-delivery process. Under the old method, a family could have several caseworkers from all the various parts of the system, sometimes working at cross-purposes.
- Make availability of services equal across the state. Under the old method, the type and quality of service a family received varied, depending on where they lived.

Similar to Michigan's system, Kansas officials evaluate the program with an outcome-based service-delivery system; they use pooled funding to ensure that de-

isions are based on clinical need rather than funding streams; and they set a dollar amount that is tied to achieving measurable outcomes and is to be paid per child/family. The results were even better than the state expected—the private contractors exceeded their target levels for several outcome measures, as shown in Table 2.

The secretary of the Kansas Department of Social and Rehabilitative Services summarized the change: "The old-world incentive was to keep the beds filled; now it is performance."

Although these three states engaged in privatization of differing types and to varying degrees, they all shared the same goals and expectations—to better care for children and families. All three achieved their goals and serve as models for the rest of the nation on the benefits of private-sector involvement in child welfare services.

—Wade Hudson
[whudson@reason.org]

Table 1: Michigan: Then and Now

| Year | Black children adopted | Disabled children adopted | Children adopted (all) | Percentage of available children adopted | Children available for adoption |
|------|------------------------|---------------------------|------------------------|--|---------------------------------|
| 1991 | 439 | 708 | 1,320 | 1,976 | 66.8 |
| 1997 | 1,213 | 1,428 | 2,378 | 3,058 | 77.8 |

Source: Susan Orr, "Child Welfare Services," in Annual Privatization Report (Los Angeles: Reason Public Policy Institute, 1998), p. 27.

Table 2: Privatizing Foster Care in Kansas

| Outcome measures | Target set by state | Target met by providers |
|--|---------------------|-------------------------|
| ■ Safety of the child | 95% | 99.9% |
| ■ Minimal number of placements. | 90% | 99.5% |
| ■ Maintenance of family and community ties | 70% | 87% |
| ■ Placement with a brother or sister | 65% | 69.6% |

Source: Susan Orr, "Child Welfare Services," in Annual Privatization Report (Los Angeles: Reason Public Policy Institute, 1998).

PRIVATIZATION BRIEFS

Military Payroll Competition

In January the U.S. Department of Defense will solicit proposals from the private sector to handle military pay processing operations now performed by 500 civilian employees at the Defense Finance and Accounting Service (DFAS) in Cleveland. The work involves processing monthly checks for about 1.9 million military retirees. The DFAS center will prepare a proposal that will compete with those submitted by the private-sector firms. Ken Redding, program manager for the DFAS, said that three previous competitions between the DFAS and private companies in other cities have not resulted in any outsourcing or privatization of Pentagon jobs. However, he also said that those competitions resulted in annual savings of \$2 million and the elimination of about 400 government jobs as officials restructured their operations to reduce costs. Business Executives for National Security, a group in Washington, D.C., that has been urging the Pentagon to get out of the payroll processing and accounting business, has cited studies showing that the Defense Department could save a minimum of \$350 million annually by outsourcing about half the DFAS functions. The proposals are scheduled to be completed next summer, and the winner could be selected by next October.

Los Angeles Considers Private Child-Support Collection

Los Angeles County Supervisor Mike Antonovich has proposed privatizing District Attorney Gil Garcetti's child-support agency. The *Los Angeles Times* has reported that Garcetti's office fails to collect the child support 9 times out of 10 and knowingly bills men who are not biological fathers of children they are ordered to support. Antonovich's plan calls for county staff to draft proposals for bids from private companies that would handle "the investigation and payments" of child support. It will be considered by the Los Angeles County Board of Supervisors. Garcetti will also present a plan for improving his child-support unit. State law vests sole authority for running child-support programs at the county level with the district attorney. A spokeswoman for Garcetti said that although the district attorney is supportive of using private companies to run his office, he would oppose attempts to privatize his unit "lock, stock and barrel."

University Bookstores Go Private

In June the University of Miami (UM), following a national trend, contracted with Follett Corporation, which runs 580 campus bookstores in North America, to run its bookstore. Follett bought UM's existing inventory for \$2.3 million, assumed all operating costs of the bookstore, and will provide \$800,000 for bookstore renovations. Follett will also pay UM a minimum of \$775,000 per year and up to 9.1 percent of gross revenues.

Students have also benefited from the arrangement. A UM spokesman, Alan Fish, reported that students have saved \$190,000 in the first semester alone because Follett brought in thousands of used textbooks from its main Chicago-area warehouse.

Barnes & Noble runs the bookstore at Florida International University (FIU). As part of a contract renewal, Barnes & Noble is negotiating to build a two-story superstore on the West Dade campus. Barnes & Noble would pay \$2.1 million of the construction costs, and FIU would pay \$1.5 million. The new bookstore would be called Florida International University Bookstore but would have the look and feel of a Barnes & Noble store—right down to the café. Cynthia Curry, FIU vice president for business and finance, said that FIU now gets 8.5 percent of the Barnes & Noble gross revenues—about \$1 million last year. A superstore would bring in far more for the university.

Although outside companies have been running college bookstores for years, a mass-merchandising transformation is occurring, similar to the appearance of food courts on college campuses in the early 1990s.

College officials say the biggest selling point to turning bookstores over to corporations like Follett and Barnes & Noble is that they have nationwide on-line operations. These companies allow students to reserve books on the Internet without making a trip to the college bookstore.

As UM's Alan Fish notes, "We couldn't match the technology, the expertise and the used books. The bottom line: the University doesn't have to worry about inventory or staff, yet still collects a share of the store's revenue."

—Lisa Snell [lsnell@reason.org]

Continued from Page 2

BLOCKING TOLL ROADS

14 percent said yes. Not asked, of course, was whether—in order to prevent their highways from deteriorating—Arkansas residents would rather have an increase in fuel taxes, which they would pay whenever they use any roads, or the addition of tolls to selected high-cost, high-traffic routes that need the largest amount of rebuilding work. Also ignored was today's electronic and video technology that permits tolling without any toll booths at all, as on Toronto's highly successful (and popular) Highway 407 Electronic Toll Road.

—Robert W. Poole, Jr.
[bobp@reason.org]

Send me a one-year subscription (12 issues) to *Privatization Watch*

Check for \$135 for private businesses or \$75 for governments and nonprofits enclosed payable to RPPI (U.S. Dollars only)

Purchase Order Number

Credit Card
 Visa MasterCard

Card #

Exp. Date

Signature

Name

Org./Firm

Address

City/State/Zip

Fax this to 310/391-4395 or call 310/391-2245

WHO, WHAT, WHERE



Conferences

U.S. Water & Wastewater Summit, January 25-26, Grand Hyatt Hotel, Washington, D.C. Organized by The Center for Business Intelligence, Call 800/817-8601 for more information.

Best Practices in Government Procurement, January 25-27, The Crowne Plaza Hotel, Las Vegas, Organized by the World Research Group, Call 800/647-7500 for more information.

The Outsourcing World Summit, February 23-25, 1999, Desert Inn, Las Vegas. For more information call 914/463-1110.

RPPI Studies

How to "Build Our Way Out of Congestion": Innovative Approaches to Expanding Urban Highway Capacity, Peter Samuel, Policy Study No. 250, January 1999.

Improving Transportation in the San Fernando Valley, Peter Gordon, James E. Moore, II, Robert W. Poole, Jr, and Thomas A. Rubin, Policy Study No. 249, January 1999.

Blueprint for the Privatization of Child Welfare, Conna Craig, et al., Policy Study No. 248, December 1998.

A Baker's Dozen: 13 Questions Most Frequently Asked Questions, People Ask About the Science of Climate Change, Kenneth Green, D.Env., October 1998. by the Commonwealth Competition Council. Call 804/786-0240 or email competition@state.va.us.

Pennsylvania School Finance: Out of the Courts, Into the Legislature, Richard C. Seder, Policy Brief No. 10, October 1998.

Urban Transit Myths: Misperceptions About Transit and American Mobility, Randal O'Toole, Policy Study No. 245, September 1998.

Myths of Light Rail Transit, James V. DeLong, Policy Study No. 244, September 1998.

Publications

Privatization International Yearbook, 1998. Edited by Mark Bader. IFR Publishing, London. To order call +44/(0)171-369-7330 or email pipub@compuserve.com.

The Privatization/Competition Manual: Answers to Some of the

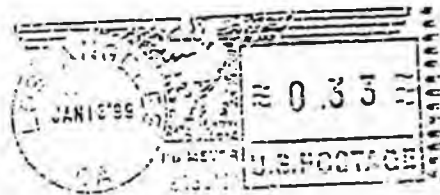
Privatization in Arizona's Largest Cities, by Robert Franciosi. Published by the Witzeman Center for Privatization at the Goldwater Institute. To order call 602/256-7018.

Privatization of Public Assembly Facility Management: A History and Analysis, by Don Jewell. Price, \$18.50. To order call 407/727-7270.

Globalization, Privatization, and the Free Market Economy, by C.P. Rao. Published by Quorum Books. See www.amazon.com/exec/obidos/ ISBN=1567200753/e.

Privatization and Capital-Market Development: Strategies to Promote Economic Growth, Dr. Michael McLindon. Available from the Institute for Public-Private Partnerships, 202/466-8930.

Reason Public Policy Institute
3415 S. Sepulveda Blvd., Suite 400
Los Angeles, CA 90034
www.privatization.org



HOT NEW INTERNET SOURCE FOR PRIVATIZATION INFORMATION

"PRIVATIZATION.ORG"
www.privatization.org

"Where public officials come for the latest and best research and news on privatization."

Includes:

- Research,
- Trends & Statistics,
- Best Practices & How-to Tips,
- Case Studies,
- Links, and more....



Pamela LaBolle
Alaska State Chamber of Commerce
210 Second St., Suite 201
Juneau AK 99801

The Alaska Drilling Contractors
7620 Wildwood Circle
Anchorage, Alaska 99516

January 14, 1998

Senator Jerry Ward
Room 423
State Capitol
Juneau, Alaska 99801-1182

Dear Senator Ward,

The drilling contractors of the State of Alaska, listed below, are very much in support of the formation of a privatization task force that you are proposing. The time to get government out of competition with private enterprize is long overdue. Our members are fully prepared to assist in your efforts in any way possible. Please keep us informed as to how we may be of help.

Sincerely,

Kyle Brown
Alaska Drilling Contractors

The Alaska Drilling Contractors are:

Tester Drilling Services - Mr. Pete Tester - (907) 349-7214
American Arctic Company - Mr. Rocky McDonald - (907) 451-4350
Aurora Drilling - Mr. Rocky McDonald - (907) 456-6712
Johnson Drilling - Mr. Steve Thomas - (907) 246-3304
Homestead Drilling - Mr. Gary Halmstead - (907) 479-8850
Hughes Drilling - Mr. John Hughes - (907) 262-6639
Discovery Drilling - Mr. Kyle Brown - (907) 344-6431
Denali Drilling - Mr. Hal Ingalls - (907) 562-2312
Oosik Drilling - Mr. John Lambe - (907) 262-5611
Fairbanks Drilling - Mr. Mike Lecorchick - (907) 479-0600
G.F. Back Drilling - Mr. Gerry Back - (907) 479-5554
Airborne Exploration - (907) 474-8121

ALASKA STATE

HOSPITAL & NURSING HOME

ASSOCIATION

January 16, 1998

Senator Jerry Ward
Alaska State Senate
State Capitol
Juneau, AK 99801-1182

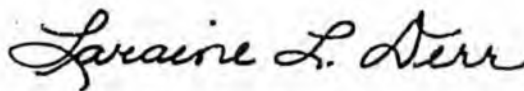
Re: Support, SB209, Task Force on
Privatization

Dear Senator Ward:

Members of the Alaska State Hospital & Nursing Home Association support SB 209, relating to the task force on privatization. We want to thank you for bringing this matter to the attention of the Legislature and Governor.

The challenge that the annual cost of state government is exceeding the annual revenue of the state is as true in the area of health care as in any other area. Because health care is such a big part of the state government cost's, the members of the Association would like to have one of their members sit on the Task Force. They are willing to spend the necessary time it will take to investigate the possibilities. We all need to work together in this time of declining resources.

Sincerely,



Laraine L. Derr
President/CEO

Looking Out For Business...

A Report from the Alaska State Chamber of Commerce - the Voice of Alaska Business

4/28/99 PM



About sixty members of the Alaska State Chamber of Commerce (ASCC) were in Juneau recently to meet with Governor Knowles and the Legislature on behalf of business, commerce, jobs, and economic development. The primary topic of discussion was the \$1.2 billion budget deficit and what to do about it.

The Governor received praise for his leadership in opening the debate by putting his budget plan on the table. And, although the Legislature had yet to put forth its version of a plan for discussion, it was obvious that a lot of work was going on behind the scenes - sorting ideas and developing options for a plan that a majority of them could commit themselves to. The position presented by the Chamber was that a plan is needed this year - a plan for state government that emphasizes efficiency, consolidation, streamlining, and privatization.

"Any ideas on how this should be done?" was a question asked by many Legislators. Well, maybe this is a good time to look back in Alaska's history and see how another governor and another set of Alaska business leaders tackled a similar task - an assignment to reduce state costs by streamlining various government operations.

Finding efficiencies was the goal when Gov. Jay Hammond asked the State Chamber to assemble a team to make an in-depth study of the way things were done in state government - and to come up with recommendations for how to do things better and at less cost.

At the time, Alaska's general fund expenditures were running about \$700 million a year, and total state spending - including federal dollars coming in to support various programs - was just a little more than \$1 billion. Now, more than \$6 billion is pumping through the state's cash drawers, including \$2.3 billion in general fund spending.

But the crisis was much the same back in November 1975, when Hammond asked for help in controlling spending. The Chamber's response was to make a major commitment to the job.

Two leading Anchorage businessmen, banker Jim Curley and restaurateur Bill Pargeter, signed on as chairman and vice-chairman, respectively. Three others volunteered to serve on the committee's executive committee, and businesses in Anchorage and elsewhere loaned 14 of their top executives to the task on a full-time basis. Twenty-eight others signed up as part-time team members, many of them serving as many as 12 weeks at a time on assignment in Juneau. Others were aboard for briefer periods - and in all, 55 individuals took part in the work.

That work took two full years. On Nov. 1, 1978, Hammond issued a report to the people of Alaska on the results of the "Governor's Management & Efficiency Review."

Implementation of the recommendations over the two-year period resulted in annual savings of more than \$44 million and one-time benefits of more than \$6 million. At the time of the report, 247 of the study's 362 recommendations had been implemented, and others were in the works.

Reading it today, we see that some recommendations never implemented are still applicable. This would be a good place for the Commission on Privatization and the Delivery of Government Services to begin its work. Senate Bill 33, now under consideration by the Legislature, would create such a commission, made up of business and government leaders, to review and evaluate state procedures and services and provide recommendations for consolidating, privatizing, and streamlining state government.

It has been 24 years since state government was looked at with an eye for its overall shape and performance. It has grown considerably since then. Every gardener knows that pruning is necessary to keep a rose bush healthy, growing strong, and producing at its best. It's time for another look at the shape of state government.

"The State Chamber is united in the position that we need to get the budget problem behind us now, so that we can concentrate all our energies on building Alaska for the future."

Pete Leathard, Chairman, ASCC

Advertisement