

SCOMM

#47:4

HB 242

File Contents

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HOUSE CALENDAR: 1-20-86

BILL
PAGE
DATE
CHAMBER
TEXT

HB0242
00457
02/27/85

HOUSE

HOUSE BILL NO. 242 by the Rules Committee by request of the Governor, entitled:

"An Act relating to automatic data processing; and providing for an effective date."

was read the first time and referred to the House Special Committee on Telecommunications, the State Affairs and Finance Committees.

A zero fiscal note was attached.

The Governor's transmittal letter dated February 27, 1985, appears below:

"Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that establishes authority for the financing of centralized data processing services by the Department of Administration. This bill comprises an integral part of the charge-back system that members of the Thirteenth Alaska State Legislature encouraged the Department of Administration to informally implement.

The bill allows the department to reallocate, into a central account in the general fund, and expend appropriations made to state agencies. The account may then be used to finance data processing services for all state agencies. The balance of the account would continue into subsequent fiscal years so that the problems of financing expensive acquisitions of data processing equipment with extended delivery dates can be solved.

Because the need for data processing changes as rapidly as the technology available, a flexible method of financing these services must be found. I encourage you to favorably consider the enactment of this bill.

Sincerely,

/s/

Bill Sheffield
Governor"

BILL
PAGE
DATE
CHAMBER
TEXT

HB0242
00588
03/13/85
HOUSE

The Speaker waived the State Affairs Committee referral on HOUSE BILL NO. 242 (automatic data processing; effective date) at the request of the Chairman.

HB 242 is currently in the House Special Committee on Telecommunications and has a further referral to the Finance Committee.

BILL HB0242
 PAGE 00602
 DATE 03/15/85
 CHAMBER HOUSE

TEXT The House Special Committee on Telecommunications has considered HOUSE BILL NO. 242 (relating to automatic data processing; effective date), recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 242 (Telecommunications) (same title) and reports it back as follows: Boucher (Chairman), Goll and Thompson recommend do pass; Wallis has no recommendation.
 HB 242 was referred to the Finance Committee.

BILL HB0242
 PAGE 01054
 DATE 04/24/85
 CHAMBER HOUSE

TEXT The Finance Committee has considered HOUSE BILL NO. 242 (automatic data processing; effective date), recommends it be replaced with COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 242 (Tele) (page 603) and reports it back as follows: Adams (Chairman), Ringstad, Szymanski, Larson, Pourchot, Uehling, Frank, Binkley and Cotten recommend do pass. Rieger has no recommendation.
 HB 242 was referred to the Rules Committee for placement on the calendar.

Automatic Data Processing HOUSE BILL NO. 242, by the Rules Committee by Request of the Governor. Relates to automatic data processing (see Governor's letter).

Introduced February 27 and referred to the House Special Committee on Telecommunications, State Affairs, Finance.

In his message transmitting the bill Governor Sheffield stated:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that establishes authority for the financing of centralized data processing services by the Department of Administration. This bill comprises an integral part of the charge-back system that members of the Thirteenth Alaska State Legislature encouraged the Department of Administration to informally implement.

The bill allows the department to reallocate, into a central account in the general fund, and expend appropriations made to state agencies. The account may then be used to finance data processing services for all state agencies. The balance of the account would continue into subsequent fiscal years so that the problems of financing expensive acquisitions of data processing equipment with extended delivery dates can be solved.

Because the need for data processing changes as rapidly as the technology available, a flexible method of financing these services must be found. I encourage you to favorably consider the enactment of this bill.

Because the need for data processing changes as rapidly as the technology available, a flexible method of financing these services must be found. I encourage you to favorably consider the enactment of this bill.

Automatic Data Processing HOUSE BILL NO. 242, (see page 366). Reported back to the House March 15 by House Telecommunications recommending adoption of a substitute and that it do pass. Concurring: Boucher (Chair), Goll and Thompson. Not concurring: Wallis has no recommendation.

The Telecommunications substitute would allow the Dept. of Administration to require each state agency to procure its automatic data processing services from the Department of Administration. Administration could also charge a state agency or other governmental agency for the cost of the automatic data processing services provided or procured by the Department for the agency. This version excludes section that would have set up a nonlapsing automatic data processing account.

Automatic Data Processing HOUSE BILL NO. 242, (see page 366). On March 13 the Speaker waived the State Affairs referral. The bill is currently in the House Special Committee on Telecommunications and has a further referral to Finance.

Automatic Data Processing HOUSE BILL NO. 242, (see pages 366;462;464). Reported back to the House April 24 by Finance recommending it do pass. Concurring: Adams (Chair), Ringstad, Szymanski, Larson, Pourchot, Uehling, Frank, Binkley and Cotten. Not concurring: Rieger has no recommendation. To Rules.

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

HB 242

Revision Date: 155

REQUEST

Bill/Resolution No.: _____
 Title: "An Act relating to the fiscal procedures ..."
 Sponsor: Rules/Governor
 Requestor: _____
 Date of Request: 2/22/85

FISCAL DETAIL

Agency Affected: University of Alaska
 Program Category Affected: _____
 BRU, Program or Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES		0				
200 TRAVEL		0				
300 CONTRACTUAL		0				
400 SUPPLIES		0				
500 EQUIPMENT		0				
600 LAND & STRUCTURES		0				
700 GRANTS, CLAIMS		0				
800 MISCELLANEOUS		0				
TOTAL OPERATING		0				

CAPITAL						
----------------	--	--	--	--	--	--

REVENUE		0				
----------------	--	---	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND		0				
FEDERAL FUNDS		0				
OTHER		0				
TOTAL		0				

POSITIONS:

FULL-TIME		N/A				
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary See Attached

Prepared By: Sherman Carter, Executive Vice President Phone: 474-7593
 Division: University of Alaska Date: _____

Approved by Commissioner: Sherman Carter Date: 2/21/85
 Agency: _____

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

7/1/84

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____ Page 1 of 1

REQUEST

Bill/Resolution No.: _____
 Title: "An Act Relating to
 Automatic Data Processing; and Providing
 Sponsor: _____
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Dept. of Administration
 Program Category Affected: General Government
 For An Effective Date"
 BRU, Program or Subprogram(s) Affected:
 Information Resource Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE	0.0	0.0	0.0	0.0	0.0	0.0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

This Legislation has no fiscal impact to the State

Prepared By: John Valensi *John Valensi* Phone: 465-2220
 Division: Information Resources Planning & Review Date: 2-11-85
 Approved by Commissioner: Lisa Rudd *Lisa Rudd* Date: 2-20-85
 Agency: Department of Administration *for*

Distribution (by Agency preparing fiscal note):

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

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

The Honorable Ben Grussendorf
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that establishes authority for the financing of centralized data processing services by the Department of Administration. This bill comprises an integral part of the charge-back system that members of the Thirteenth Alaska State Legislature encouraged the Department of Administration to informally implement.

not in (S) { The bill allows the department to reallocate, into a central account in the general fund, and expend appropriations made to state agencies. The account may then be used to finance data processing services for all state agencies. The balance of the account would continue into subsequent fiscal years so that the problems of financing expensive acquisitions of data processing equipment with extended delivery dates can be solved.

Because the need for data processing changes as rapidly as the technology available, a flexible method of financing these services must be found. I encourage you to favorably consider the enactment of this bill.

Sincerely,

A handwritten signature in cursive script that reads "Bill Sheffield".

Bill Sheffield
Governor

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF ADMINISTRATION

POUCH C (MS 0200)
JUNEAU, ALASKA 99811
PHONE: (907) 465-2200

OFFICE OF THE COMMISSIONER

March 27, 1985

The Honorable Albert Adams
House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Representative Adams:

This letter contains information relative to House Bill 242.

In April, 1983 the 12th Legislature, in conjunction with the Executive Branch, terminated the major part of what had been functioning as a computing resource chargeback system for the following reasons:

- The amounts using agencies were budgeting to pay their resource charges were much higher than the amount computing resource providers needed to operate.
- Chargeback rates established by the Data Centers were artificially high to cover losses from agencies that consumed resources but did not pay their chargeback billings.

Once chargeback was eliminated, it was necessary to establish an operating budget for the Data Centers paid directly out of General Funds instead of Inter-Agency receipts. This was accomplished by taking the total Data Center budget and subtracting the amount of non-General Funded based income that would continue to be received through Inter-Agency transfers. (An additional amount of \$3100.0 was added to cover those operating expenses that had been paid from capital funds for a number of years.) As a result, the major portion of the FY84 Information Resources Management (IRM) budget was established and the Data Centers as well as the using agencies lost visibility and, therefore, the means of managing resource consumption.

It can be argued as to whether this loss of manageability or the surge in system's development was the primary

contributor, but 1983 and 1984 were the most dramatic years of expanded Data Center load in the history of Alaska. From December, 1982 to January, 1985 (two years) the Data Centers have had to upgrade their computers three times for an increase in capacity of nearly 300%.

This growth does not imply there has been a total abandonment of rational use. A number of excellent systems have been implemented in this period. However, it is felt that some portion of the current consumption level could be reduced through effective management.

For this reason, the idea of resource chargeback as a management tool is still supported by both the Legislature and the Administration in spite of problems with the old system. However, a new system must have new characteristics. Some of which are:

- Chargeback rates must be auditable directly back to the provider's budget.
- The system must be able to absorb unpredicted variations in agency usage estimates.
- The system must allow cause/effect changes in Data Center configurations at times which may be incompatible with budgetary approval schedules.

In July 1983 (FY84), a cost analysis of the Data Centers was commenced and a study of various packaged billing systems was undertaken to select one that would fit the State's needs. After approval of a \$74,000 capital project for FY85, a technique for calculating rates was developed and approved by all departments and the Boeing Computing Chargeback System (FACTS) was purchased and installed in the Juneau and Anchorage Data Centers as well as the University of Alaska. Commencing with October, 1984, simulated invoices were generated and provided to high-use departments for review.

At this time, the mechanics of a new chargeback system are in place and operating, but two major elements remain to make it fully operational - HB242 and Implementation.

The Telecommunications Committee substitute for House Bill 242 will allow IRM to collect funds directly from other agencies of government that may use state computing resources. For example, there are a number of local police agencies that use various elements of the Public Safety systems and certain agencies of the Federal Government here in Alaska have expressed an interest in using certain services. This is an opportunity to gain additional income for the state through the sale of resources at times that

would not interfere with state priorities.

The other remaining major element to make chargeback fully operational is implementation. This involves moving the existing IRM General Fund amounts which are subject to chargeback out of IRM's budget and into the right user budgets so the system can commence operating.

To accomplish this, IRM recommends that the full system be implemented over a two year span. In the first year (FY86), budgets would remain as they have been presented, the new rates would be published and used for new systems justifications, invoices would be generated to the entire user community, but actual payment of funds to IRM account would only occur from those agencies that have been making inter-agency payments through FY85 and any new accounts. This would give all other agencies an additional few months to prepare better budget estimates for their resource consumption and include their expected General Fund increases in the FY87 budget proposal. Commensurate with the user's increases in General Fund requests, IRM's General Fund request will go down equally, assuming there are no drastic increases in load. If there are such increases, IRM will be providing a total by agency as to the recommended funding level based on historical consumption. Any deviations will be justified by the consuming agency.

I encourage the committee to look favorably on this bill and will be available for testimony or conversation at any time.

Sincerely,

James R. Shea
Deputy Commissioner
Information Resources and
Telecommunications

JRS/clS

cc: LuAnn Cutler, c/o Representative Adams, Pouch V
Elmer Lindstrom, c/o Representative Adams, Pouch V

HOUSE SPECIAL COMMITTEE
ON TELECOMMUNICATION
March 8, 1985
1:00 p.m.

Members Present: Rep. H.A. "Red" Boucher, Chairman
Rep. Dave Thompson, Vice-Chairman
Rep. Virginia Collins
Rep. Peter Goll
Rep. Kay Wallis

COMMITTEE CALENDAR

HB 140 "An act relating to teleconferencing under
the Administrative Procedure Act; and
providing for an effective date."
HB 242 "An act relating to automatic data
processing; and providing for an effective
date."

WITNESS REGISTER

Mike Wheeler
Director
Division of Data Network Services
DOA
Position Statement: Did not get to testify

Cynthia Halterman
Telecommunications Planner
Division of Telecommunications Services
DOA
Position Statement: Available for questions

Jim Shea
Deputy Commissioner
Information Resources Management
DOA
Position Statement: Testified in favor of HB 242

Charles Northrip
Executive Director
Alaska Public Broadcasting Commission
DOA
Position Statement: Testified in favor of HB 140

Peter Froehlich
Assistant Attorney General
Attorney Generals Office
Department of Law
Position Statement: Available for questions on HB 140

Ervin Jones
Department of Revenue
Position Statement: Observer

Mike McGee
Department of Revenue
Position Statement: Observer

Kathleen Samalon
IBM
Position Statement: Observer

PREVIOUS ACTION

HB 140: Read the first time 01/28/85 with Governor's Transmittal Letter; fiscal note with analysis in Supplement #10; Referred to TELE Rpt 4DP, Judiciary, Finance and Rules. Refer to House Special Committee on Telecommunications Minutes dated 02/22/85.

HB 242: Read the first time 02/27/85 with Governor's Transmittal Letter; zero fiscal note. Referred to TELE Rpt with Committee Substitute 3DP INR, SA Referral waived, Finance and Rules.

ACTION NARRATIVE

TAPE #9, SIDE 1
Recording
Number 000

Chairman Boucher Called the Special Committee on Telecommunications to order at 1:09 p.m. The Chair did not announce that the Members Present were Representatives Goll, Thompson, and Wallis.

The Chair Announced the topic of the meeting as HB 140, an act relating to the use of teleconferencing under the Administrative Procedure Act, and HB 242, and act relating to automatic data processing. The Chair indicated that they would first take up HB 140.

Number 027

First to testify on Hb 140 was Charlie Northrip of the Alaska Public Broadcasting Commission. He said that the provisions of this legislation would allow him much more flexibility in establishing quorums for his meeting since their meeting places tend to be inconsistent. He also said that the by

increasing the use of teleconferencing he would be able to increase public involvement in their hearings. Mr. Northrip drew the attention of the committee to page 2 line 21 of the bill which specifies the public notification requirements and noted that these requirements are far more comprehensive than exist presently.

Number 104

Chairman Boucher announced the members present

Number 109

Representative Wallis asked Mr. Northrip how the communities in District 24 hear about his meetings. Mr. Northrip said that they advertise in the Tundra Times and the Tundra Drums as well as other local papers. He added that they also inform public radio and television stations of the meetings.

Number 132

Representative Goll asked the Chair if he intended to move the bill. The Chairman said he did.

Number 146

Representative Thompson commented on the zero fiscal note for the bill saying that he believed that it may even be a positive one providing that travel costs would be reduced by state agencies.

Number 165

Chairman Boucher commented that there may be lots of question when this hits the floor since people tend to shy away from new technologies. He said that this bill should continue to move forward.

Number 191

Representative Goll moved that HB 140 be moved to the next committee of referral with individual recommendations. The Chair, seeing no objections passed the motion. Representative Thompson asked that the committee request that the remaining committee referrals be waved so that this bill may move directly to the house floor. The Chair said he would attempt to do that.

Number 207

The Chairman brought up HB 242 for discussion.

Number 214

The First to testify on this bill was Jim Shea, Deputy Commissioner of Information Resources Management in the Department of Administration. He explained that the bill was designed to do two things, first to

establish a non-lapsing account in the general fund to handle the receipts from the chargeback system. He said that the account was to be a safety valve to allow a buffer for covering overage and underage in the chargeback system. He said that the second part of the bill allows his organization to provide services to all other governmental agencies.

Number 248

Representative Goll said that he did not see why the fund was necessary and asked Mr. Shea to explain it. Mr. Shea explained that the account was to cover budget discrepancies and used the example of another agency under estimating its data processing usage.

Number 268

Representative Goll asked why Mr. Shea should get the fund and not every other state agency. Mr. Shea said that it was to be used to cover immediate costs for purchasing new equipment or software or perform maintenance on the equipment when there is no time to wait for additional appropriations.

Number 312

Representative Goll said that he had a problem with allowing agencies to make \$250,000 spot purchases with out the consent of the legislature. He said that was a matter of law. He asked Mr. Shea for information that would demonstrate the effectiveness of the last two years that would substantiate the appropriateness of this step. he also asked how he would compare the decline in the increase of data processing over the last 12 months as compared to the first 12 months of his tenure. Mr. Shea said that they were continuing on about the same curve.

Representative Goll asked when they would reach a positive cost benefit then asked Mr. Shea to go into some detail about the advances of the last few years. Mr. Shea said that this was not really in relation to the bill at hand. Representative Goll asked about the \$10 million saved in FY 84 through automation. Mr. Shea said that it ended up being about \$6 million. Representative Goll asked Mr. Shea what his prediction for the savings in FY 85 would be given the \$6 million in FY 84. Mr. Shea said that it

would be about another \$5 million and displayed a chart of expenses to the committee but stated that he could not provide more detail at this time.

Number 347

Representative Goll asked Mr. Shea how things were going over in the Department of Health and Social Services in terms of public assistance. He said that he had been getting a lot of complaints about backlogs that have not changed since since the excuse was that they were going to a new system. Mr Shea said that they seemed to be moving along according to the schedule but that there may be something beyond the reach of the computer system involved.

Number 357

Representative Goll apologized for his seemingly hostile attitude and explained that he was tired. He said that he just had some concerns about Data Processing costs and accountability and for these reasons he had some concerns about the second section of the bill.

Number 360

Representative Wallis asked about the requirement for state agencies to acquire data processing from the Department in section 1 of the bill. She asked if C&RA with its unappropriated grants would be required to go through the Department of Administration. Mr. Shea said that the Department reviews the the needs of the agency involved and sets out the technologically best answer. He said that if they are going to use the centralized facilities then they are required to use the departments system. Representative Wallis asked for the answer to her question whether C&RA unincorporated grants that are being processed would have to go back through the Department of Administration. Mr. Shea said no.

Representative Wallis asked for an example of what this system would apply to. Mr Shea said that it would apply to any major system that is being or would be developed in the state. He referenced a handout that had been distributed at an earlier meeting.

Number 399

Chairman Boucher called for a brief recess. When called back to order Representative Wallis asked what the intent of the Chair

was on this bill. The Chairman said that he will go with the wishes of the committee. He said that he would like to move it on but if there were problems with it then we would have to deal with them. He said that he thought there was a concern about the precedent being set by establishing what would be called a "slush fund". He added that this is the place to do the homework on the bill.

Number 421

Chairman Boucher announced that Representative Collins had arrived at the meeting.

Number 425

Chairman Boucher said that he felt that the bill should be held over so as to take a better look at it. He said that the next committee of referral was State Affairs a committee both he and Representative Collins are members of and he wanted to be able to answer any questions on the bill.

Number 438

Representative Goll asked Mr. Shea about the jurisdiction over the chargeback receipt money concerning the step skipped in not going back to the governor or the legislature for approval. Mr. Shea explained that the account was a management tool and that 49 other states have found it appropriate. He said that the account would be in the general fund and would not be managed by the Department. He explained that the intent was to provide visibility, accountability, and control to a previously invisible process. He added that this was not a slush fund, that they had been given slush funds in the past and the money was about gone.

Number 462

Representative Goll asked how much of the money was left. Mr. Shea said that there was about \$390,000. Representative Goll had Mr. Shea clarify some of the numbers in the hand out he provided. Representative Goll also stated that he had some problems with this considering the tightness of the budget and asked whether it was true that the first part of the bill was the essential part and the second part was a preference.

Number 495

Chairman Boucher interrupted and reminded the members that debate was continuing without recognition of the Chair.

Representative Goll apologized. The Chair said that he liked the free exchange that was going on but that it becomes hard to recognize the voices on the tape. He said that there were 15 minutes left and if they could air this thing then they should.

Number 504

Representative Goll said that he would await the direction of the Chair but that he felt that section 1 of the bill was essential and that section 2 was optional. He asked for the comments of the witness on this. Mr. Shea said that DOA has extensive control over data processing anyway and to add this statement is sort of a parenthetical statement to what the law already says.

Number 536

Representative Thompson asked about the \$5 million dollar limit. Mr. Shea said that he just grabbed a number and that he had no objections to setting the limit at any other value. Representative Thompson continued by saying that he needed to hear from the bureaucracy the understanding of the need for a priority of our needs. He said that it will not be possible for the state to support all of the needs it has created. He also said that he needed to talk to Mr. Shea more on this matter and had a concern about the non-lapsing account and needed to be shown that it was appropriate. Mr. Shea said that he would be more than glad to come and talk to anyone on why they want it. He said that it would not make his management or operation any easier.

Number 589

Representative Goll asked what services the PROFS system provides. Mr. Shea said that it handled word processing, scheduling, electronic mail, document transmission. Representative Goll said that all but the word processing and electronic mail could be done manually. He suggested that the cost of implementing the scheduling system far exceeds the cost of hiring 6 new people to perform the scheduling tasks. Mr. Wheeler said that it was in the ball park of about \$1000 per month.

Number 614

Chairman Boucher said that Mr. Shea's legislation is good and the challenges is good. He said that the reality of the situation is that there will be a lot of problems when this bill gets to the floor.

He suggested that Mr. Shea get together with the members of the committee and discuss this problem so as to have it cleared up as soon as possible.

Number 623 Representative Collins apologized for being late.

CHANGE TAPE #9, SIDE 2

Number 000 ... Data processing to the Nth degree. Mr. Shea said that the chargeback system is a tool for the agencies to measure their use of the computer.

Number 030 Representative Goll said that his concern was with the priorities and how other agencies respond to a crisis situation and where they get their crisis funds. Representative Goll disagreed very strongly with the last sentence of the Governor Transmittal letter which said, "Because the need for data processing changes as rapidly as the technology available...". He said the need does not change any more rapidly than it did in the stone age. He said that the only thing that changes is the technology and the perceived need in the mind of the beholder. He said that all the safeguards possible should be kept in place to insure that we are not overrun by the new technologies. Mr Shea agreed but stated that the system he was trying to put in place would not fall apart if he left, if it did then he would have failed.

Number 150 Representative Boucher interrupted the Representative Goll and adjourned the meeting at 2:02 p.m.

HOUSE SPECIAL COMMITTEE
ON TELECOMMUNICATION
March 12, 1985
1:00 p.m.

Members Present: Rep. H.A. "Red" Boucher, Chairman
Rep. Peter Goll
Rep. Dave Thompson
Rep. Kay Wallis

COMMITTEE CALENDAR

HB 242 "An Act relating to automatic data processing."

WITNESS REGISTER

Jim Shea
Deputy Commissioner
Office of Information Management
DOA
Position Statement: Testified in favor of the bill.

Kathleen Samalon
IBM
801 W 10th
Suite 301
Position Statement: Answered questions about IBM.

Ed Ciccolo
IBM
801 W 10th
Suite 301
Position Statement: Answered questions about IBM.

PREVIOUS ACTION

HB 242: Read the first time 02/27/85 with Governor's Transmittal Letter; zero fiscal note; Referred to TELE Rpt with Committee Substitute 3DP INR, SA Referral waived, Finance and Rules. Refer to House Special Committee on Telecommunications Minutes dated 03/08/85.

ACTION NARRATIVE

TAPE #10, SIDE 1
Recording
Number 000

Chairman Boucher called the house special

committee on Telecommunications to order at 1:08 p.m. Members present were Chairman Boucher. The Chairman apologized to those people at the meeting to observe and testify saying that he hoped to have a committee meeting. He noted that Representatives Davis, Collins, and Pignalberi were out of town and that Representative Wallis was unable to attend. The Chair announced that Representative Goll had arrived and that they would hold a work session on HB 242 when Representative Thompson arrived. Representative Goll said that he would get Representative Thompson and left the room. The Chair said that the bill would be taken up again on this Friday.

Number 055

Representatives Goll and Thompson joined the committee. Representative Goll said the he and Mr. Shea had discussed the matter at hand previously.

Number 077

Jim Shea, Deputy Commissioner of the Department of Administration joined the committee. Chairman Boucher said that the issue they were dealing with was what could be called a slush fund. He said that Mr. Shea had called it a management tool. He added that he wanted to move the bill but wanted to make sure that it did not do more harm than good in the long run.

Number 099

Mr Shea began by stating that after his talks with Representatives Goll and Thompson the day prior he was pretty sure that this was not the year for the legislature to consider a proposal of this type. He said that it may be the most mature thing to do at this time to implement the chargeback system, keep an eye on the rates and allow the need for the account to become obvious.

Number 118

Mr. Shea explained his background at the Washington State University Data Processing service center. He said that this state has multiple revolving accounts and provided support to 9 other states. He said that his department had its own account at a bank and that for money to be drawn out there had to be justification for the loss of interest as well as a cost benefit analysis. He said that the account in this bill might be too large of a step at first since there is not a lot of confidence in the chargeback system

Number 146

Representative Goll asked who did not have confidence in the chargeback system. Mr. Shea said that the legislature did not, nor did his organization considering the failure of the last system. Representative Goll asked what the difference is between this chargeback system and the one of the past. Mr Shea said that in the last system the rates were not auditable to the budget. He said that rates were set at what was thought to be tolerable levels. The new system rates are auditable back to the budget.

Number 146

Mr Shea said that he had talked to Mr. Dahl, the Committee Aide, that morning and they had discussed two points in the bill that should be retained. The first item was the provision that would allow them to deal directly with non-state agencies such as the federal government. Mr. Shea could not recall the second item but mentioned that Mr. Dahl had drawn up a committee substitute that was in the members files.

Number 209

Chairman Boucher announced that Representative Wallis was present and that they had a quorum.

Number 215

Mr Shea said that there was a new item 11 to replace what was previously section 2. Representative Thompson asked if there would be any resistance to subsection 10 by other state agencies then clarified by asking where other agencies get their data processing if not from DOA. Mr Shea said that DOA could authorize agencies to acquire services outside state government or to purchase equipment to meet their needs. Representative Thompson asked how prevalent it was that agencies do this.

Number 269

Representative Wallis how the other state agencies feel about the provision of section 10. Mr Shea said that this provision had always been understood and that this just put it in writing. Representative Wallis asked how the other departments feel about it. Mr Shea said that they try to work together with the agencies.

Number 301

Representative Wallis said that if the bill is held over then she would like to hear testimony on it from the other departments. Mr Shea said that all through the law, this

is implied and that item 10 is just a clarification of this. Mr. Shea asked if Representative Wallis wanted to put the entire law up for a test. Representative Wallis said that was not what she meant, she complimented Mr Shea on his presentation and one given previously then added that she only wanted to hear the other agency's comments on this item 10.

Number 324

Representative Goll asked in reference to a graph that was handed out what FY 85 and FY 86 were looking like. Mr Shea said that they were sitting on an annualized \$46 thousand dollar figure. Mr Shea said that he expected about another \$5 million drop in FY 85. In reference to FY 86 Mr Shea presented another hand out.

Number 357

Representative Goll asked how the program Mr Shea had presented a couple years ago requiring more dependence on the main frame was working. Mr Shea referred to a chart on the second hand out and pointed out the increase of about 40% in CPU use time in about 60 days. Representative Goll asked what sort of functions were being supplied and asked if there was any way to assess how the equipment was being used. Mr Shea said that investigations were going on now. Representative Goll asked how he would characterize the use of the machine. Mr Shea said the primary use by the departments had been the statistical and mathematic applications. Representative Goll then restated his initial question about main frame dependence and asked if the centralization was proceeding and how that had effected efficiency. Mr Shea said that the biggest factor involved was the advent of the micro computer and the problem using them in conjunction with the main frame. He added that we have just seen the edge of the micro computer boom and that there had been about 300 micro computers approved in the last 60 to 90 days.

Number 419

Representative Goll asked if there was a multi-year trend of increasing main frame use. Mr Shea said that they had grown 300 percent in CPU capacity in the last 2 years. Representative Goll asked what had been displace in dealing with the problems with the computer. Mr Shea said that he had no

way of knowing. Representative Goll asked Mr Shea what the system was being used for beyond the limited example given earlier. Mr Shea cited a system in Health and Social Services, he also cited the new state accounting system soon to be running. In addition Mr Shea cited the Public Safety Information System used by the State Troopers. Representative Goll said that he was trying to identify the major centralized uses of data processing. Mr Shea reference his last handout in which he had put a list of major uses of the individual computers.

Number 454

Representative Thompson asked Mr Shea to clarify that 300 micro computers were purchased. Mr Shea said that they were not purchased but authorized the acquisition of about that many micros. Representative Thompson said that a purchase of that size should warrant a sizable discount. Mr Shea said that they just went through the RFP process on those.

Number 470

Representative Goll asked what types of uses justified the purchase of these computers. Mr Shea said all sorts of needs were present from word processing to terminal needs. He said that all computers purchased are required to communicate with the main frame. Representative Goll asked how Mr Shea would characterize the actual requests. He asked if they were for central computer access. Mr Shea deferred his question to a person from the Fish & Game department who had been observing the meeting. Chairman Boucher interrupted.

Number 286

Chairman Boucher said that time was getting short. He said that he felt that this was a part of the education process in understanding what the thing called data processing was. The Chair said that he was hoping that when they had Mr Shea in here that they could talk about this. He said that he would like to indicate whether they were going to hold this bill over or not so they could get back to the discussion they were having. He said that he would like to move the bill but that he was concerned that Representative Wallis still had a concern about how the other departments felt. Representative Wallis said the bill would be coming up in State Affairs and her concerns

could be addressed there. The Chair attempted to answer her question by saying that the other departments were probably kicking and screaming because they all want their own data processing division. He said that beyond this there is a need for one agency to take a look at all of these expenditures to make sure that the proceed in the best direction. The Chairman said that if the committee substitute satisfies Mr Shea's desires and is good legislation then he would like to move it.

Number 522

Representative Thompson said that he would like to hear Mr Shea's response. Mr Shea said that his primary concern was the chargeback system and the provisions of subsection 11 in section 1 of the bill and that the fund could wait. He added that he had no objections to the committee substitute. Representative Thompson said that he had no problem with the committee substitute.

Number 549

Representative Goll moved that the committee pass committee substitute for House Bill 242 with individual recommendations and ask unanimous consent. Seeing no objections the Chair moved the the legislation out of committee.

Number 552

Representative Thompson asked Mr Shea if they consider leasing equipment such as the 300 micros approved for purchase rather than buying them. Mr Shea said that this is a continual problem and added that most places will not lease the equipment.

Number 588

Representative Goll asked Mr Shea about the extending the maintenance contracts on equipment to the life of the equipment rather than just for the length of time the manufacturer wants. Mr Shea said that this was part of the basic RFP which said that parts and maintenance had to be available for at least three years, the time period required for the purchase to amortize itself. Representative Goll said that he would not buy a car if he did not have a guarantee that parts would be available in three years. Representative Goll asked if that compares to secretaries. Mr Shea said that he did not know. Mr Shea said that there were two IBM representatives in the

room at the time that may be able to help.

Number 596

Representative Goll said that Mr Shea should not be subject to his caustic comments. He said that he was a little bit appalled that we are paying \$100 per hour to fix one of these typewriters. He said that he considered it blackmail. Mr Shea suggested that while they have them then hit them with the fact that he had figured in a 4% inflation factor for contingencies this year and IBM just raised their maintenance 7%. Representative Goll said that he felt that no piece of equipment should be purchased without some lifetime guarantee for service. He said that he was one of those who supported the use of IBM equipment and that he felt like he was being blackmailed when support is stopped.

Number 614

Ed Ciccolo of IBM introduced himself to the committee and took a seat at the table along with his partner Kathleen Samalon. Chairman Boucher said that he understood the changing technology but added that it was hard to understand sometimes the real benefit of computers. He said that if we were to have a meaningful program in this state then we cannot assume anymore that people are going to go for it simply because it is high-tech.

Number 628

Representative Thompson said that he had a meeting to go to.

TAPE CHANGE SIDE #10, SIDE 2

Number 008

Representative Goll said that a washing machine would be a good example because even though you have to pay a few hundred bucks for it, eventually it pays for itself. Representative Goll asked Mr Ciccolo if he has any analysis that would show in laymans terms the benefit of the use of computers in the office. Mr Ciccolo said that he did and that it was called a cost benefit analysis. He said that he could come by his office and go over it in more detail. He said that the process was not always simple, that the analysis sometimes included issues of quality of output and quality decisions made.

Number 060

Representative Goll said that he would welcome any demonstration that would show

him clearly that a benefit exists through the use of all this expensive machinery. Mr Shea said that he would like to quickly give two numbers from a study on office management improvement. The study said that in a secretarial office the maximum improvement through automation is 21%. The report also said that an engineering office could get as much as a 48% increase in efficiency.

Number 095

Chairman Boucher adjourned the meeting at 2:02 p.m.

January 22, 1986

MEMO TO FILE

FROM: Chris Herberger

Spoke to Mike Wheeler in Dept. of Administration concerning whether the University must procure data processing from the Dept. of Administration under HB 242. He said only with the consent of the President of the University. At the present time, the University has its own computers but there are plans for sharing network costs in the future.