

**ALASKA STATE LEGISLATURE  
HOUSE STATE AFFAIRS STANDING COMMITTEE**

March 5, 2020

3:01 p.m.

**MEMBERS PRESENT**

Representative Zack Fields, Co-Chair  
Representative Jonathan Kreiss-Tomkins, Co-Chair  
Representative Grier Hopkins  
Representative Andi Story  
Representative Sarah Vance  
Representative Laddie Shaw

**MEMBERS ABSENT**

Representative Steve Thompson

**COMMITTEE CALENDAR**

PRESENTATION: TRANSITION TO THE CLOUD

- HEARD

HOUSE BILL NO. 233

"An Act relating to the display of documents on an electronic device."

- HEARD & HELD

HOUSE BILL NO. 264

"An Act relating to proof of financial responsibility after certain motor vehicle accidents."

- HEARD & HELD

HOUSE BILL NO. 250

"An Act relating to voter preregistration for minors at least 16 years of age."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 233

SHORT TITLE: ELECTRONIC DISPLAY OF REQUIRED DOCUMENTS

SPONSOR(S): REPRESENTATIVE(S) VANCE

02/05/20 (H) READ THE FIRST TIME - REFERRALS  
02/05/20 (H) STA, JUD  
03/03/20 (H) STA AT 3:00 PM GRUENBERG 120  
03/03/20 (H) Scheduled but Not Heard  
03/05/20 (H) STA AT 3:00 PM GRUENBERG 120

BILL: HB 264

SHORT TITLE: PROOF OF INSURANCE: UNSATISFIED JUDGMENTS  
SPONSOR(S): REPRESENTATIVE(S) KREISS-TOMKINS

02/21/20 (H) READ THE FIRST TIME - REFERRALS  
02/21/20 (H) STA, JUD  
03/03/20 (H) STA AT 3:00 PM GRUENBERG 120  
03/03/20 (H) Scheduled but Not Heard  
03/05/20 (H) STA AT 3:00 PM GRUENBERG 120

BILL: HB 250

SHORT TITLE: VOTER REGISTRATION AGE  
SPONSOR(S): REPRESENTATIVE(S) HOPKINS

02/17/20 (H) READ THE FIRST TIME - REFERRALS  
02/17/20 (H) STA, JUD  
03/03/20 (H) STA AT 3:00 PM GRUENBERG 120  
03/03/20 (H) Scheduled but Not Heard  
03/05/20 (H) STA AT 3:00 PM GRUENBERG 120

**WITNESS REGISTER**

BILL SMITH, Chief Information Officer (CIO)  
Office of Information Technology (OIT)  
Department of Administration (DOA)  
Juneau, Alaska

**POSITION STATEMENT:** Presented and answered questions during the presentation of "Transition to the Cloud."

NEIL SMITH, Deputy Chief Information Officer (CIO)  
Office of Information Technology (OIT)  
Department of Administration (DOA)  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions during the presentation of "Transition to the Cloud."

JANET OGAN, Staff  
Representative Sarah Vance  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on HB 233, on behalf of Representative Vance, prime sponsor.

REID HARRIS, Staff  
Representative Jonathan Kreiss-Tomkins  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Presented HB 264 on behalf of Representative Kreiss-Tomkins, prime sponsor.

JOANN OLSEN, Interim Director  
Division of Motor Vehicles (DMV)  
Department of Administration (DOA)  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on HB 264.

LORI WING-HEIER, Director  
Division of Insurance  
Department of Commerce, Community & Economic Development (DCCED)  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on HB 264.

AMY GALLAWAY  
Fairbanks, Alaska

**POSITION STATEMENT:** Testified in support of HB 250.

#### **ACTION NARRATIVE**

[3:01:05 PM](#)

**CO-CHAIR ZACK FIELDS** called the House State Affairs Standing Committee meeting to order at 3:01 p.m. Representatives Hopkins, Vance, Fields, and Kreiss-Tomkins were present at the call to order. Representatives Story and Shaw arrived as the meeting was in progress.

#### **PRESENTATION: Transition to the Cloud**

[3:01:49 PM](#)

CO-CHAIR FIELDS announced that the first order of business would be a presentation, entitled "Transition to the Cloud."

[3:02:31 PM](#)

BILL SMITH, Chief Information Officer (CIO), Office of Information Technology (OIT), Department of Administration (DOA), paraphrased from his written statement, which read:

Thank you to the Chair for the opportunity to appear before you today. There has been a good deal of confusion over our cloud migration and I appreciate the opportunity to provide more detail.

The State of Alaska **currently uses both private and public cloud environments** and has recently embarked on an effort to migrate significant additional computing and storage requirements to the cloud. By increasing the use of cloud environments, the State will be able to achieve significant cost savings by paying for what we actually consume instead of buying significant excess capacity to handle spikes in usage. The State also will be able to create storage and computing capability without buying new hardware, provide dynamic disaster recovery by easily locating back-ups in diverse locations, and secure data in environments that maintain the strictest compliance to federal security standards. Additionally, a public cloud-based environment removes the burden of maintaining and patching hardware for the systems that are migrated.

We face **significant facility and hardware challenges** that will be partially addressed through our cloud migration. We recently experienced major water leaks above our Juneau Datacenter jeopardizing critical resources. Many of our 60 plus server rooms or datacenters around the State face facility vulnerabilities. In the Juneau Datacenter alone, estimates of needed repairs and improvements exceed \$750,000.

Our equipment is also aging. Much of our hardware is beyond typical life cycle replacement age. An independent assessment identified a **significant percentage of our physical servers as older than 5 years, some as old as 10 years**, representing the technical debt that we've accumulated. Increasing our cloud utilization will allow us to consolidate our remaining physical assets in fewer locations, avoid costly pending equipment purchases and focus scarce resources on addressing a smaller number of challenges.

In order to secure an appropriate cloud environment, we used a **nationally competed contract vehicle**. The National Association of State Purchasing Officers, or 'NASPO', Value Point cloud solution was a nationally competed contract and runs from September 2016 to September 2026. The Request for Proposal, or RFP, for the Master Agreement was advertised by NASPO, and the State of Alaska's procurement portal (Online Public Notices). The RFP generated nationwide interest and proposals from 58 offerors. The RFP also includes a 2-year refresh and re-compete clause to allow additional vendors to qualify and become part of the Nation-wide cloud solution provider network. Through the re-compete process, there are currently 62 authorized resellers on contract to provide cloud solution services for States and other public agencies. The vendor we selected was SHI, who currently provides other Microsoft licenses and services to the State of Alaska.

The selection of Microsoft Azure for our current migration effort was based on several factors. From a technical standpoint Azure is a natural choice. Much of our current infrastructure consists of **Microsoft Windows servers and Microsoft SQL databases**. Leveraging Azure **saves us significant cost on licensing for migrated servers and databases** and dovetails well with our current environment from a developmental tool perspective.

[3:06:37 PM](#)

CO-CHAIR FIELDS asked whether there are other entities with [Microsoft Corporation] Windows that use cloud services from other providers.

MR. B. SMITH responded that he does not know of any specific instances of the combination of services that other entities use.

CO-CHAIR FIELDS suggested that from a technical perspective, one could have Windows computers and store data on an Amazon or Google cloud.

MR. B. SMITH answered that it is technically possible. He said, "Where the significance comes into play is ... whenever there are differences like that, you quite often have to use additional layers of software for compatibility, so it increases cost, complexity, and adds potential breakpoints." He mentioned that he will discuss going to a hybrid cloud environment - a situation in which potential multiple public vendors would be used.

MR. B. SMITH continued to paraphrase from his written statement, which read:

We also conducted an independent assessment of our readiness for Azure migration, which included a total cost of ownership analysis based on our current server volume and use. The assessment projected our server use and right sizing into the Azure pricing structure to provide an anticipated cost and savings level.

An increased focus on cloud computing also produces a **skill lift for State of Alaska information technology professionals**. The use of a hybrid cloud approach allows professional growth and skill development among the State of Alaska workforce. **It is important to understand that our cloud migration involves outsourcing the location of physical assets, NOT jobs.** Our IT professionals will continue to manage and maintain our servers much as they do today; they will develop a skillset in cloud storage, application, networking, and management solutions. We have secured a series of 32 technical courses that will be provided by Microsoft at **no cost** to the state. These courses range from cloud fundamentals to advanced technical skills and offer the opportunity for professional certification testing **at no cost** to our employees. Approximately 100 State of Alaska employees have already taken advantage of classes and more are scheduled. In addition to these formal classes, Microsoft Consulting Services will be providing initial project support through a **temporary, no cost engagement** and helping the State of Alaska **build capability within our teams** to continue migration beyond the initial effort and provide long term management of our hybrid cloud environment.

Through the Alaska Administrative Productivity and Excellence, or AAPEX project, as well as other

independent assessments, it has been documented that our statewide information technology environment is too complex and dated to provide the services that our customers expect with the resources we have.

**We owe Alaskans more. We owe our information technology professionals more.**

The cloud migration, in tandem with the AAPEX project, will enable us to gain efficiencies and focus resources to provide a modern and effective information technology environment.

Thank you again for the opportunity to appear before you. We look forward to answering your questions.

[3:09:25 PM](#)

CO-CHAIR KREISS-TOMKINS asked for greater detail on the vendor and its relationship to Microsoft.

MR. B. SMITH replied that Microsoft does not actually sell enterprise agreements (EA) directly to customers; they use a reseller model. All the Microsoft EAs owned by the State of Alaska are through a reseller - Software House International (SHI). Other companies have been used by the State with poor results; SHI has been used for several years with good results. He confirmed that SHI's role is like that of a car dealership offering different options to meet customer needs.

REPRESENTATIVE HOPKINS asked how much of the State's data storage would be shifted to the cloud under this proposal and what would be the end goal.

MR. B. SMITH answered that he does not have a firm answer. He stated that if the State wants to take full advantage of the cloud environment, it must be very careful about what is put into the cloud and the way it is put there. Microsoft Azure has several different variations: under some variations, it is appropriate for the State to place a server into the cloud as is; under others, it is appropriate to reprogram the server to take advantage of tools that exist within the cloud that don't exist in the current platform. He added that as the department puts together the project, Microsoft Consulting Services - which has a great deal of experience with such migrations - will offer its expertise to do another "deeper dive" assessment of State data and to determine what to put into the cloud, in what

sequence, and what format, to maximize savings. He maintained that what the department does not want to do is to just lift data off servers and put it into the cloud and "call it good," because there are applications that are not appropriate for the cloud or as cost effective in the cloud. He offered that the independent assessment that was done - looking at the State's cloud readiness - identified that about 94 percent of the State's production servers were available to be transferred to the cloud. He mentioned that the assessment did not look at storage assets, but at production servers with applications and computing functions. He said, "Our in-state is not predefined, but I would fully expect that we end up with a hybrid environment where we have a public cloud presence, we have cloud as we do today in our data center, and that we also have some on-premise functions depending what the requirements are." He concluded by saying that the assessment identified the possibilities, but it is up to the due diligence of the State to determine what should [migrate to the cloud] and the appropriate format.

[3:14:07 PM](#)

REPRESENTATIVE HOPKINS asked whether the day-to-day computer work of State agencies and the Alaska State Legislature would be shifted to the cloud.

MR. B. SMITH responded that it depends on the individual applications and the appropriate platforms. He maintained that the result would be a mix: cloud-based applications - such as the executive branch Microsoft office suite; State data center applications in a private cloud - such as the Oracle [Corporation] business applications, and on-premise environments elsewhere; it would be transparent to the users.

CO-CHAIR FIELDS asked whether the data currently on the Oracle cloud is shifting to the Azure cloud or whether there would be multiple cloud platforms as new data shifts to Azure.

MR. B. SMITH replied that he doesn't anticipate the Oracle applications shifting to the cloud, as they are appropriately located.

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NEIL SMITH, Deputy Chief Information Officer (CIO), Office of Information Technology, Department of Administration (DOA), confirmed that end users would not notice a difference.

REPRESENTATIVE HOPKINS asked about accessing data in the event of an earthquake or other disaster that severs the [fiber-optic] cable that connects Alaska to the Lower 48.

MR. B. SMITH answered that it is incumbent on the department as it designs the [information technology (IT)] environment to ensure appropriate disaster recovery; that includes the undersea cable that will be laid in the next few years and the terrestrial link. He said that access continues to grow, but it is the current access that will be considered in the assessment to determine the design of the platform. He said, "We will not be throwing data into the cloud in another location that needs to have a presence here in Alaska." The assessment will identify critical functions and disaster recovery options and ensure appropriate access to critical infrastructure.

CO-CHAIR FIELDS asked for comment on latency in terms of data transmission from the Azure cloud.

MR. B. SMITH replied that the Azure cloud data center is worldwide; the State's focus would be the northwest area, therefore, Washington or Portland, Oregon; the exception would be the more secure functions, which would reside in Arizona.

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MR. N. SMITH defined latency as the time it takes for data to travel; therefore, servers in the Lower 48 would add time to data transfer. He offered that some applications handle that distance better than others; part of the assessment will be to determine which applications can handle latency better - [electronic mail "email"] is an example. He maintained that some data needs to be in Alaska on-premise; there is an Oracle cloud technology presence in the State's data center that addresses latency, and Azure has similar technologies - called Edge cloud - which bring the equipment closer to Alaska to address latency.

CO-CHAIR FIELDS asked whether the equipment is based in Alaska and whether that would improve functionality when the data is in the Lower 48.

MR. N. SMITH answered that it is equipment that resides in Alaska, is owned by a cloud provider, and is used just like any cloud service.

REPRESENTATIVE VANCE asked whether transition poses an increased security risk.

MR. N. SMITH answered, "Not during transition times." He said that for migration to Microsoft Azure, connectivity is through dedicated circuits with in-transit encryption.

REPRESENTATIVE VANCE asked whether migration to the cloud provides increased security, or whether the State is already "at the top of the line" in security for its systems.

MR. B. SMITH maintained that there is always opportunity for improvement in security; however, with the Microsoft Azure cloud environment, there are several types of engagements, and depending on the type of engagement, there is shared security responsibility with the provider. He maintained that this is true for all cloud environments. He said that the State still has a significant cloud security responsibility in terms of developing workflows and implementing, managing, and monitoring processes; however, the security of the hardware would now be Microsoft's responsibility. One of the critical aspects is Microsoft's federally compliant - "FedRAMP" - certifications for its datasets. The State does not have to worry about whether the servers on which its data resides are patched to the latest security level; but it does have to worry about the Alaska "side of the equation." He gave an example: Alaska could have the best vault in the world, but if it leaves the front door open, it's in trouble. He maintained that migration to the cloud does not take away the State's security responsibility, but it allows the department to focus its security responsibilities on the processes, the front-end, and the management of entering and extracting data. The State will also be monitoring the shared security responsibility with Microsoft.

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CO-CHAIR FIELDS asked for a definition of public and private cloud.

MR. B. SMITH answered that public cloud means that the cloud is owned by a third party, but that does not mean there is access by another entity; private cloud means that Alaska owns the infrastructure, but it is configured in such a way that it behaves like a cloud environment. The department's overall strategy, as it collapses servers into either the cloud or the State data centers, is to develop and enhance private cloud

structures to get the functional benefits of a cloud while still residing on State equipment.

CO-CHAIR FIELDS asked for confirmation that DOA has a private cloud in Alaska on which it stores data from multiple locations on State equipment.

MR. B. SMITH concurred.

CO-CHAIR FIELDS asked for comment on how the State moved from on-premises to on-premises with the "VMware," how it changed server utilization, and how much data is in the State's private cloud versus on-premises.

MR. N. SMITH replied that in 2010, the State had one server for every eight State of Alaska employees; they were primarily physical servers. He stated that the process for "virtualizing" the servers consists of "taking a picture" of a physical machine and operating it in the virtual machine. Data is migrated seamlessly with very little down time, and State departments can share infrastructure and hardware. He said that in 2015, the State consolidated much of its data storage; therefore, 80 percent of State data is in shared-storage infrastructure. There still is considerable overhead, which will be addressed when the State migrates to the cloud; the State will pay for only what it uses.

CO-CHAIR FIELDS asked for the percentage of data - except for [Microsoft] Office 365, which is already on a cloud-based platform - that is currently on-premises versus in a private cloud. He asked the relationship between VMware and the private cloud.

MR. N. SMITH responded that all the departments are primarily using the VMware to create the virtual machines.

CO-CHAIR FIELDS asked whether that was true for data on-premises as well as the State-managed private cloud.

MR. N. SMITH answered correct. He added that "lines of business" are using VMware for their individual servers, and the State is trying to collapse servers onto shared infrastructure as well.

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CO-CHAIR FIELDS asked whether there is a per-unit cost comparison between the various clouds - private, [Microsoft] AZURE, Google [LLC], Amazon [.com, Inc.].

MR. B. SMITH answered that the Microsoft AZURE cloud is a very good fit for Alaska; clouds aren't a commodity feature, as they each have their strengths and weaknesses. The cost for Microsoft AZURE is part of the independent assessment; the department is comfortable with that cost as it moves forward; the caveat is that the assessment assumes a certain amount would be moved to the cloud. He said that 94 percent of servers were available and ready to migrate to the cloud. He stated that the assessment estimated that about 20 percent of servers could not be migrated. He offered that the State has had several independent assessments; all have come up with a range of servers statewide between 2,800 and 3,100. The independent cloud-readiness assessment that offered the total cost of ownership price of moving to the cloud assumed that 1,941 servers would be moved. Moving all the servers would not be the best effective use of the cloud.

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MR. N. SMITH, in response to Representative Hopkins's question about the State's total amount of data, cited a 2015 study which reported at least 12 petabytes.

CO-CHAIR FIELDS asked whether it would be accurate to assume that a little more than half of the State's data would be migrated to the cloud.

MR. B. SMITH replied that he estimates the amount to be less because storage was not factored into the assessment, which is considerable. He said that one of the key cost-saving drivers is that the State would only pay for storage it uses; whereas, capital costs for hardware requires the State buy "the entire machine." He stated that the assessment considered "right-sizing" and indicated that over 90 percent of the State's servers were overcapacity - excess capacity of almost 1.75 petabytes. He added that initially, less than half of the data would be migrated to the cloud, but as the department moves forward, it will be able to assess better what needs to go in the right format.

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REPRESENTATIVE VANCE referred to page 3 of the DOA document, entitled "SOA Server Data and Cloud Migration Response to Request for Information House State Affairs Committee March 5, 2020," included in the committee packet, which read: "Of approximately 1,960 servers used for rate building, almost half (918) exist in the departments themselves and are not managed by OIT." She asked for an explanation of why the servers are not all managed by OIT, and whether the department is planning to transition to management of servers.

MR. B. SMITH answered that OIT does not manage all the State servers and data. He added that he cannot speak to all the details following implementation of the Administrative Order (AO) No. 284; however, currently OIT has responsibility for most of the commodity services, and those services are used statewide. Part of that responsibility is making available server management and part is making available data center space for storage; however, it is up to the departments whether they want to take advantage of what OIT is offering, and several have not made that move. He mentioned that the AAPEX initiative has determined the process ahead: the assessment phase has occurred; OIT and the departments are working together to define the projects that need to be put in place and executed to improve statewide IT maturity; and the projects will be reviewed, approved, and executed. He maintained that he is not certain what the end state will be; AO No. 284 envisions centralization; but it needs to be done in a manner that can be supported and that meets the needs of the customers - the departments.

REPRESENTATIVE VANCE asked for a description of the achievements expected through the 36-month contract.

MR. B. SMITH answered that the EAs are three-year agreements; that is a standard length; it is not performance- or milestone-based. As costs were evaluated, assumptions were made about the levels of migration over time. He said that the department is confident that the levels are appropriate and achievable. He said that not all applications will migrate to the cloud in their current forms; some will need reprogramming before migration.

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CO-CHAIR FIELDS asked whether in the case of moving a VMware package of data onto the cloud, the State would still use the

VMware vendor. He asked whether the functionality of the VMware would migrate to Microsoft.

MR. N. SMITH answered that the State would no longer go through a VMware reseller but through Microsoft under the EA agreement.

CO-CHAIR FIELDS asked whether it is an equivalent product but a different company.

MR. N. SMITH answered that it is an equivalent product and the same license but purchased through Microsoft.

MR. B. SMITH added that one of the key aspects of the cloud migration design hinged around maintaining VMware presence; it is the VMware presence that gives the State the ability to change to another cloud provider later, if desired.

CO-CHAIR FIELDS asked whether the different cloud-based services have different contract structures with respect to switching to another cloud later.

MR. N. SMITH replied that OIT has had lengthy "exit strategy" discussions. He mentioned that since VMware tools are used in-house currently, the IT staff are already familiar with them. He added that those same tools would allow the State to migrate servers back to on-premise or to another cloud. He offered that billing under other cloud environments can be very complex; the State gets significant discounts with Microsoft and AZURE both for Windows Server and [Microsoft] SQL Server.

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REPRESENTATIVE HOPKINS asked how migration would affect retaining State [IT] jobs.

MR. B. SMITH relayed that currently State IT professionals work on virtual machines. He maintained that with the cloud, there would be no difference. The workers would continue to program and manage the State's servers, and in addition, would be able to take advantage of the tools that are inherent in the cloud to create the most efficient program possible.

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REPRESENTATIVE HOPKINS asked whether there would ever be a need to wait for a Microsoft worker to come to Alaska for repairs.

MR. N. SMITH replied that the migration includes determining disaster recovery options; there are replications of servers; there are many data centers located in various locations; very little downtime would be expected for locating a copy of the server and continuing work.

REPRESENTATIVE HOPKINS asked whether there would be any need for a Microsoft technician or programmer to come to Alaska to work on something under the contract.

[3:45:26 PM](#)

MR. B. SMITH responded that for what the State puts into the AZURE cloud, the answer is no. Under a hybrid cloud environment, the State would still have Windows servers on-premise. If something happened to those servers, it would be outside the cloud agreement.

CO-CHAIR FIELDS referred to the "Microsoft Server and Cloud Enrollment" agreement, included in the committee packet, and asked for more detail on the nature of the contract and the fees.

MR. B. SMITH replied that the EA includes a commitment to Microsoft that the State will consume \$15 million in 36 months. That means that the State will be billed monthly based on the resources consumed on the cloud; if after 36 months the State has not consumed that amount, it will be invoiced for the balance and returned a credit good for 12 months. He stated that OIT has mapped out the State's usage and expects to migrate enough to cover the commitment. He said that regarding the Microsoft consulting services agreement, there are services listed with pricing for a total of \$1,508 million; the amount represents the value of the services. There is a stipulation on the document that says that Alaska will be billed nothing for the services; the cost is covered by a 10 percent incentive-based credit from Microsoft. Since the State is not mature and self-sustained in its use of the cloud environment, it needs the expertise from Microsoft to help the State set up the environment properly and make good choices as it moves to the cloud. State employees will receive formal training and training side-by-side with Microsoft consultants.

[3:49:39 PM](#)

REPRESENTATIVE HOPKINS asked for confirmation that the State pays for the \$15 million regardless of whether it is used, and the training courses would be included in the \$15 million.

MR. B. SMITH responded yes to both questions. He described the series of trainings for staff.

CO-CHAIR KREISS-TOMKINS asked whether through this agreement and migration, the State of Alaska would be dependent on the path it has taken and at risk of much increased costs in the future.

MR. B. SMITH mentioned that issue being a key factor in set-up.

MR. N. SMITH responded that the State is building in tools to allow flexibility, in anticipation of that possibility. He said that there are metered and unmetered circuits, which the State must consider for financial efficacy.

[3:52:43 PM](#)

CO-CHAIR KREISS-TOMKINS asked for an explanation of "metered" and "unmetered" circuits. He restated his question: Is there a path dependency, as the State enters the contract and goes down the path with AZURE?

MR. B. SMITH answered that OIT is working to ensure that there is not; increasing the State's maturity level and understanding is important; Microsoft will assist with that. He emphasized that OIT is absolutely considering the end state and the possibility of a better option revealing itself in 36 months. He explained that metered and unmetered refers to "unlimited path" versus "charged by use"; unmetered is cheaper up to a certain volume. He reiterated the importance of keeping options open to make the best choices.

CO-CHAIR KREISS-TOMKINS restated the answer: OIT is working hard to avoid a path dependency, but there is always the possibility of one.

MR. B. SMITH said that it depends on how OIT sets up the system; avoiding a path dependency is within OIT's control; and staff is working hard to make the right choices.

[3:55:11 PM](#)

CO-CHAIR KREISS-TOMKINS asked for the yearly savings ten years from now, when cloud migration is fully realized.

MR. B. SMITH replied that the way IT expenses are tracked currently, the State does not have a great reference point for what it spends today. He offered that accounting for IT spending across the State is part of the AAPEX initiative. He said that the third-party independent assessment looked at total cost of ownership for the 1,941 servers based upon industry standard rates and compared it with the cost of the same servers after migration to the AZURE environment. That study showed significant cost reduction. The State has over 60 data centers around the state; they belong to so many different agencies at so many locations that the cost of power is unknown. He maintained that there are gaps in information regarding the total cost of ownership, which includes the equipment, the monthly rate, the software, the heating and cooling, and other elements. The AAPEX project will provide that information.

CO-CHAIR KREISS-TOMKINS asked for a guess on the cost reduction.

MR. B. SMITH stated that the current cost of the 1,941 servers, based on the third-party independent assessment's calculation using industry standard rates, is estimated to be \$45 million annually not including labor. The estimate for the same servers moved to the cloud under the AZURE environment - reduced in size to only what is needed - is \$6 million. The reduction in cost would be about \$39 million. He reiterated that labor was not factored into the calculations. He said that OIT believes the cost of the State's IT to be approximately \$250 million per year; subtracting the \$83 million cost of labor, the independent assessment calculated the savings to be about 23 percent. A Gartner [Inc., an IT research and consultancy company] analysis indicated that the average savings after a massive cloud migration is about 21 percent, which is in line with the 23 percent calculated through the independent assessment. Commissioner Kelly Tshibaka (DOA) has consulted with other third parties who have concurred with those percentages. Mr. B. Smith reminded the committee that the transition time cost is not factored into the calculation, only the cost after migration.

[4:00:21 PM](#)

REPRESENTATIVE VANCE offered her support for finding efficiencies, better services, and savings.

REPRESENTATIVE STORY asked for information on communication with staff on the changes.

MR. B. SMITH answered that transparent communication is one of his priorities and one shared by Commissioner Tshibaka. The commissioner has held monthly townhalls with DOA. Mr. B. Smith sends out all-IT informational updates every two to three weeks. Additionally, as part of the AAPEX initiative, OIT has held five to six briefings and information sessions on the assessment. As the cloud migration moves forward, OIT is working hard to publish key performance indicators and progress reports. The department continues to improve transparency and information sharing; it understands workforce concerns; and it anticipates the time when the State's efficiency, performance, and customer satisfaction is so much greater than currently and can move into high level IT functions, artificial intelligence, and data analytics.

REPRESENTATIVE STORY asked for confirmation that there is a feedback link for staff.

MR. B. SMITH replied that MR. N. Smith hosts weekly meetings with OIT officers and other "thought leaders."

CO-CHAIR KREISS-TOMKINS agreed with the importance of more communication with staff.

#### **HB 233-ELECTRONIC DISPLAY OF REQUIRED DOCUMENTS**

[4:06:26 PM](#)

CO-CHAIR KREISS-TOMKINS announced that the next order of business would be HOUSE BILL NO. 233, "An Act relating to the display of documents on an electronic device."

[4:06:50 PM](#)

REPRESENTATIVE VANCE presented HB 233 as prime sponsor by paraphrasing from the sponsor statement, which read:

We as consumers enjoy the benefits of having access to information in the palm of our hand. The State of Alaska recognizes the demand for mobile device use and is currently in the process of allowing users to provide proof of state required documents such as licenses, permits and insurance to a peace officer via mobile device.

We Alaskans also treasure our privacy and have enshrined that right in our state constitution under

Article 1 sec. 22 Right to Privacy- The right of the people to privacy is recognized and shall not be infringed.

HB 233 safeguards the privacy of individuals who display any state required document to peace officers by ensuring that displaying proof of a required document does not constitute consent for a peace officer to access other contents of the electronic device.

In laymen's terms, if a Wildlife Trooper asks to see your fishing license, the Trooper does not automatically have a right to search other content on your device. You must give permission for the Trooper to view anything besides the license required by law.

The two examples of this already specified in statute are in AS.28.22.019 (d) pertaining to the display of proof of motor vehicle liability insurance, and AS 03.05.078 (b) pertaining to display of proof of registration when transporting industrial hemp.

REPRESENTATIVE VANCE relayed that as the state modernizes its practices allowing documents to be viewed on an electronic device, the proposed legislation would specify those documents allowed by law to be displayed on a device.

[4:10:16 PM](#)

REPRESENTATIVE STORY asked why the protections under "reasonable search and seizure" laws would not cover these instances.

[4:11:07 PM](#)

JANET OGAN, Staff, Representative Sarah Vance, Alaska State Legislature, agreed that those protections exist; however, the proposed legislation is offered to proactively address future circumstances regarding documents displayed by electronic device.

REPRESENTATIVE STORY asked whether the laws about warrants for search and seizure do not mention electronic devices.

MS. OGAN answered, "Not that I'm aware of."

CO-CHAIR KREISS-TOMKINS offered his support for the proposed legislation and added that knowing definitively where the line is in terms of the existing protections for civil liberties would be helpful for reference. He mentioned that there is currently a baseline level of civil liberty protection and asked what marginal new protection would be offered under HB 233.

REPRESENTATIVE VANCE stated that a peace officer must have probable cause or come with a warrant. The proposed legislation would provide Alaska residents the assurance that they are in control of the information on their devices and must give consent, rather than the officer being in control. People often feel vulnerable when presenting information to a peace officer. With a paper license, only that information is available; with a mobile device, there is a much greater amount of personal information. She said, "It does provide that assurance to Alaskans that your privacy and your right to your information is in your hands."

CO-CHAIR KREISS-TOMKINS remarked that beyond the "letter of the law," HB 233 would offer citizens confidence through reasserting and emphasizing their rights.

REPRESENTATIVE HOPKINS asked for any other documents that can be displayed electronically, outside of hunting and fishing licenses.

REPRESENTATIVE VANCE responded that the only other item allowed to be displayed electronically is [proof of] registration for transporting industrial hemp. Over the past few years, automobile insurance has moved to being online. She said that instead of specifying each instance of allowable electronic documents, the proposed legislation was drafted to encompass all allowable documents so that none would "fall into the cracks" as Alaska moves into the future. She mentioned that the Alaska Department of Fish & Game (ADF&G) is attempting to put more licenses and permits online through an application (app). Many Alaskans are looking forward to using that means for presenting documents.

[HB 233 was held over.]

**HB 264-PROOF OF INSURANCE: UNSATISFIED JUDGMENTS**

[4:16:34 PM](#)

CO-CHAIR KREISS-TOMKINS announced that the next order of business would be HOUSE BILL NO. 264, "An Act relating to proof of financial responsibility after certain motor vehicle accidents."

[4:17:08 PM](#)

REID HARRIS, Staff, Representative Jonathan Kreiss-Tomkins, Alaska State Legislature, on behalf of Representative Kreiss-Tomkins, prime sponsor of HB 264, relayed that HB 264 addresses the statute on unsatisfied judgements [AS 28.20.330(b)]; upon receiving an unsatisfied judgement, one must obtain a proof of financial responsibility (POFR) - commonly referred to as an SR-22 certificate. He pointed out that an SR-22 is not insurance, but a certificate that states that a high-risk individual has insurance. He defined that a high-risk individual is someone with a "driving under the influence (DUI)" conviction or an "unsatisfied judgement." An unsatisfied judgement is a judgement issued against someone who had a motor vehicle accident causing death, bodily injury, or damage to property over \$501, and who did not pay for damages. Subsequently, the person's license is revoked by the Division of Motor Vehicles (DMV) [Department of Administration (DOA)] and is not returned unless and until the judgement is staid or satisfied.

MR. HARRIS turned the committee's attention to the document from DMV, included in the committee packet, entitled "SR-22 Insurance," to review the time requirements for an SR-22: for a first offense driving while intoxicated (DWI), the requirement is 5 years; a second offense is 10 years; a third offense is 20 years; a fourth offense is a lifetime requirement. In addition to a fourth offense DWI, just one unsatisfied judgement also results in the lifetime requirement. He offered that under HB 264, when the judgement is staid or satisfied, the SR-22 would be required for 3 years, not a lifetime.

MR. HARRIS referred to House Bill 409 [introduced during Thirtieth Alaska State Legislature, (2017-2018)], which addressed unsatisfied judgements and DUIs was not supported by DOA. The proposed legislation only addresses unsatisfied judgement.

MR. HARRIS referred to testimony during the presentation on "Alaska Rehabilitation & Reentry" [2/27/20 House State Affairs Standing Committee meeting] in which the testifier offered that paying for the SR-22 was very difficult for someone released from prison and struggling with many financial challenges. Mr.

Harris relayed that the Division of Insurance [Department of Commerce, Community & Economic Development (DCCED)] provided information that the SR-22 can cost from 5-50 percent of a standard premium. The testifier stated that he was paying [\$500] per month to retain a driver's license. Mr. Harris expressed his belief that the requirement targets low-income people and people who are trying to improve themselves. The intent of the proposed legislation is to remedy that.

[4:22:16 PM](#)

REPRESENTATIVE VANCE asked why 3 years was chosen for the length of time [an SR-22 would be required].

MR. HARRIS responded that 3 years was arbitrarily chosen but seemed to represent an appropriate length of time for someone to prove he/she has "fixed" the mistake.

CO-CHAIR KREISS-TOMKINS expressed his desire for the legislature to evaluate categorically the value that SR-22 offers to the public. The SR-22 laws were put into statute before Alaska required car insurance; HB 264 offers a temporary fix; the 3 years is arbitrary.

MR. HARRIS referred to the Legislative Research Services document, dated 11/21/19 and entitled "SR-22 Automobile Insurance Requirements," not included in the committee packet, to describe the requirement put in place in [1959], which read:

The legislature is concerned over the rising toll of motor vehicle accidents and the suffering and loss thereby inflicted. The legislature determines that it is a matter of grave concern that motorists shall be financially responsible for their negligent acts ...."

MR. HARRIS added that the state's mandatory insurance laws were enacted many years later.

REPRESENTATIVE HOPKINS asked whether SR-22 being a lifetime requirement was enacted under HB 49 [signed into law 7/8/19] or previously.

CO-CHAIR KREISS-TOMKINS expressed his understanding is that HB 49 did not address the SR-22 requirements but did address the reentrant's ability to get back a driver's license to become a productive citizen.

[4:26:47 PM](#)

JOANN OLSEN, Interim Director, Division of Motor Vehicles (DMV), Department of Administration (DOA), responded that she was not familiar with HB 49.

MR. HARRIS offered to follow up.

[4:27:25 PM](#)

LORI WING-HEIER, Director, Division of Insurance, Department of Commerce, Community & Economic Development (DCCED), explained that an SR-22 filing is a certificate to the state that the person has liability insurance on the vehicle he/she is driving or to which the person has access.

CO-CHAIR KREISS-TOMKINS asked for an explanation for why an SR-22 is needed when car insurance is mandatory. He opined that it seems redundant.

MS. WING-HEIER answered that she cannot explain why but knows that when renewing vehicle tags, a box verifying insurance must be checked. Similarly, the SR-22 serves as a second certification of liability insurance for an individual with an unsatisfied judgement or with the violation convictions - mentioned by Mr. Harris - in order to drive or have access to a vehicle. She defined "have access to" as meaning a vehicle that the person may drive but not necessarily own; it is the vehicle itself that requires the SR-22.

CO-CHAIR KREISS-TOMKINS asked why the SR-22 costs so much when premiums are paid to the insurance company and the SR-22 merely verifies that the insurance policy is in place.

MS. WING-HEIER answered that part of the reason is the violation itself. She explained the other part as follows: The division looked at 23 insurance companies in the state and only 6 were providing SR-22s to insurers who requested them. The insurers can charge rates based on a driver's record; for a record with a DUI or reckless driving, insurance will cost more. The SR-22 is somewhat of a "scarlet letter" indicating that there is a reason the person has been asked to keep a certificate on file with the state; the insurers are, therefore, hesitant to insure someone with an SR-22. That person may be moved to a sub-standard insurance market and have a surcharge in addition. The surcharge is strictly for liability insurance but is applied to the premium's comprehensive and collision coverages as well.

CO-CHAIR KREISS-TOMKINS stated that HB 264 would be held over.

**HB 250-VOTER REGISTRATION AGE**

[4:31:39 PM](#)

CO-CHAIR KREISS-TOMKINS announced that the final order of business would be HOUSE BILL NO. 250, "An Act relating to voter preregistration for minors at least 16 years of age."

[4:31:56 PM](#)

REPRESENTATIVE HOPKINS presented HB 250 as prime sponsor by paraphrasing from his written statement, which read:

Co-Chairs Kreiss-Tomkins and Fields, fellow members of the State Affairs Committee Committee, thank you for hearing this HB 250 today.

For the record, my name is Grier Hopkins, Representative for House District 4, and I'd like to mention that Amy Gallaway, a civics educator out of Fairbanks and Alaska's Teacher of the Year is online to answer any questions.

Thank you for the opportunity to speak to you today on this important issue. I am honored to sponsor HB 250 as part of ongoing efforts in the legislature to take a detailed look at ways to improve our electoral process, but also bring a new focus to how we prepare young Alaskans to become active and informed voters. This legislation was inspired largely by discussions I've had with young Alaskans, local educators, and fellow legislators.

Fundamentally, HB 250 is about increasing access, knowledge, and participation in our democracy. HB 250 would allow young Alaskans who are at least 16 years old to pre-register to vote. **It does not change the current legal age for voting**, it simply extends the ability for young Alaskans to voluntarily pre-register to vote before they become eligible voters. Additionally, this bill does not affect the automatic voter registration through the PFD application for a few key reasons. The automatic voter registration only applies to Alaskan citizens who meet the eligibility

requirements to be able to vote. 16 and 17-year old's cannot legally vote, and will therefore not be included in the automatic registration if they file for their PFD. Through the expansion of our statute to include citizens who are 16 years old, we create a longer period of time where young Alaskans are aware of the rights they will gain upon turning 18 and can begin to develop the habits of informed and engaged voters.

Moreover, allowing pre-registration gives our teachers, families, and communities the tools to develop young Alaskans into informed and confident voters. When students turn 16, they have already begun taking government, history, and civics classes. Providing pre-registration opportunities in the classroom offers real and tangible steps for students to take that give them real world experience. Additionally, pre-registration is increasingly common across the nation, with 23 states and the District of Columbia offering some form of preregistration before an individual turn [sic] 18. The results in these places have shown increases in younger voter participation and the indicators of beginning long term voting habits.

[4:34:50 PM](#)

For example, in Florida, analysis of state voter files indicates that in 2008 pre-registrants were 4.7% more likely to vote than those who registered after they turned eighteen and the number of preregistrations went from 65,000 in 2004, to nearly 78,000 in 2008. Additionally, a study from Duke University, by John Holbein and D. Hillygus, which is attached on Basis, found that preregistration increases the probability that young voters will participate in elections by an average of 2 percentage points to 13 percentage points and has similar impacts on young Democrats and young Republicans.

Furthermore, in an additional study, "Voter Pre-registration Programs," success of preregistration is maximized when election officials and educators act as partners. This is why we have been working with local educators, organizations, and stakeholders to determine the best method to approach this. I'd like

to note that we have received letters of support from Amy Gallaway, a civics teacher and Alaska Teacher of the Year, the Alaska Center Education Fund, Kids Voting North Alaska, Native Movement, and Maida Buckley, the 2019 Governor's Arts & Humanities Awards and former educator.

I have been going back to my high school alma mater for about 10 years and every year that teacher asks the class, "who here is registered to vote?" Out of an over 20 student class, only a few raise their hands. HB 250 will allow more of those engaged citizens to raise their hands and participate in our democracy.

We have before us the potential to proactively work to engage young Alaskans in a new and innovative manner. HB 250 empowers families, communities and educators to foster civic engagement from a younger age, while also adding an additional opportunity to ensure that every citizen in Alaska is registered to vote.

That concludes my presentation and I will be happy to answer any questions the committee may have.

[4:37:53 PM](#)

REPRESENTATIVE STORY asked whether Representative Hopkins considered a bill to allow students to vote at age 16. She mentioned that she has heard interest from students, who have stated that such a law would encourage not just the students to vote more and talk about issues, but families as well.

REPRESENTATIVE HOPKINS answered that in some locations, 16-year-olds may vote in local elections. He expressed his desire to keep the bill simple and to utilize the approach offered under HB 250 to encourage dialogue and civic engagement, thus, expanding voter participation for state, local, and national elections.

CO-CHAIR KREISS-TOMKINS offered that the Alaska State Constitution states that the voting age is 18; changing it would require a constitutional amendment.

REPRESENTATIVE VANCE referred to the fiscal note (FN) analysis, included in the committee packet, which read:

The division will need to consult with the Department of Law to determine if the information of these minors is protected and not intended to be released in any lists available from the division.

REPRESENTATIVE VANCE pointed out the concern for privacy of minors, because the Division of Elections (DOE) does not interact with minors. She asked whether HB 250 would require more regulations for DOE.

REPRESENTATIVE HOPKINS stated that the \$75,000 in the FN would be used to promulgate regulations if needed. The new voters under HB 250 would not be active voters, therefore, would not be on the voter rolls. Much of the voter information is public. Currently someone 17 years of age may register to vote if turning 18 within 30 days of an election; they are minors when they register. The \$75,000 would provide financial assistance to the division to implement the process.

[4:41:42 PM](#)

REPRESENTATIVE VANCE asked why Representative Hopkins feels it is important to change the registration age to 16 to increase participation, when there is already an opportunity for early registration at age 17. She mentioned that she has always taken her children to the voting place and given them a sample ballot to read and vote. She maintained that encouraging participation could be done without burdening DOE.

REPRESENTATIVE HOPKINS answered that he is a strong advocate for finding ways to enfranchise more voters. He maintained that the FN of \$75,000 would not be a significant burden to DOE. He offered that it is critical to give younger and engaged citizens the opportunity to practice the skill of being a voter and being engaged. He said that his parents also took him voting. He stated that younger voters are in the lowest percentage of voter turnout; they may be engaged as young children but then engagement drops off after high school. He offered that registering would not be required, but it would offer an opportunity to grow into the process and give teachers another tool for bringing students into the discussion and process.

[4:45:30 PM](#)

CO-CHAIR KREISS-TOMKINS added that there is data and evidence that show increased ability to (indisc.).

REPRESENTATIVE VANCE mentioned that part of the engagement of voting is being registered to vote, and currently in Alaska, automatic registration occurs through the permanent fund dividend (PFD) application. She asked how automatic registration would impact young voters registering early under HB 250.

REPRESENTATIVE HOPKINS answered that the young voters would not be eligible for automatic voter registration through the PFD application, because they would not be 18. Automatic registration begins once a person turns 18.

REPRESENTATIVE VANCE asked whether there are other states with automatic voter registration.

REPRESENTATIVE HOPKINS replied that he didn't know but directed her to the bill packet which lists the 23 states with pre-18 voter registration and the options.

CO-CHAIR KREISS-TOMKINS added that there are 20-25 states with some form of automatic voter registration but none like the automatic registration through the Alaska PFD application.

[4:48:06 PM](#)

AMY GALLAWAY testified in support of HB 250 as the 2020 Alaska Teacher of the Year and addressed Representative Vance's question about the need for early voter registration at age 16. She stated that when she asks her students ages 14-18 about accompanying their parents to the voting place, only about 1 in a class of 30 respond that they do so. She maintained that to prepare students to be citizens, teachers must pair real-life relevant opportunities with the learning in school. She mentioned the activities she employs - Kids Voting [USA], candidate forums, invited speakers - and stated that if she can pair the process and importance of registering to vote with those activities, it provides students with an understanding of how the system works. She said that schools and teachers are non-partisan, therefore, can offer the amazing aspect of being in a representative democracy - that each person's voice matters. She maintained that by having teachers register 16-year-olds to vote, the teachers can explain all aspects of the process; the process becomes more relevant; it allows students to ask questions and be supported, it empowers them to vote and to continue to vote. She mentioned that youth ages 18-24 represented about 6 percent of the electorate in the last election.

REPRESENTATIVE STORY asked Ms. Gallaway to describe how registering students to vote would occur in the schools.

MS. GALLAWAY responded that teachers often have students do civic projects in class. She mentioned the Youth Ambassadors Program, in which 16-17-year-olds can volunteer at the polls. She said that for student engagement in the civic activities, teachers can offer registering to vote with assistance from registrars, registration drives, and the League of Women Voters. In connection to the school activities and what is taught, students can have a relevant experience and be prepared to vote at age 18.

REPRESENTATIVE STORY acknowledged the low voter turnout and asked for confirmation that early registration would help more families vote, when the students in the families are voting.

MS. GALLAWAY answered that she has already witnessed that outcome. As a civics educator, she is constantly teaching about the elections and requires her students to discuss elections with parents. She maintained that if students are registering to vote, the conversations about citizen responsibility are even further encouraged, and students may pressure their parents to vote as well.

[4:53:58 PM](#)

REPRESENTATIVE VANCE asked whether Ms. Gallaway is limited in her ability to teach anything about voting and civics without HB 250.

MS. GALLAWAY replied that the limit is in the form of students feeling a lack of authenticity regarding the school civic projects they do, because they don't really have a "voice." She asserted that being able to engage in the legitimate legal registration process gives authenticity to students and breaks down the last barrier of disconnect.

REPRESENTATIVE VANCE expressed her concerns about parental rights issues and giving more responsibility to schools. She said that if schools take on more responsibility, it will encourage parents to do less, and parents should be encouraged to do more to engage their children. She acknowledged the importance of good civics educators, but expressed that parents have the responsibility to teach their children and she doesn't want to see schools take over this area of responsibility.

REPRESENTATIVE HOPKINS stated that the proposed legislation would drive dialogue in classrooms and at home.

[HB 250 was held over.]

[4:58:33 PM](#)

**ADJOURNMENT**

There being no further business before the committee, the House State Affairs Standing Committee meeting was adjourned at 4:58 p.m.