

CS FOR SENATE BILL NO. 201(STA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - SECOND SESSION

BY THE SENATE STATE AFFAIRS COMMITTEE

Offered: 4/8/24

Referred: Finance

Sponsor(s): SENATOR KAUFMAN

A BILL

FOR AN ACT ENTITLED

1 **"An Act establishing the office of information technology; relating to information**
2 **technology projects undertaken by state agencies; and providing for an effective date."**

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

4 *** Section 1.** AS 44.21 is amended by adding new sections to read:

5 **Article 7. Office of Information Technology.**

6 **Sec. 44.21.600. Office of information technology and chief information**
7 **officer.** The office of information technology is created in the Department of
8 Administration. The director of the office is the chief information officer of the state.

9 **Sec. 44.21.610. Duties of office and director.** (a) The office shall

10 (1) oversee all information technology services and resources in the
11 executive branch of state government;

12 (2) ensure that information technology services are acquired, and
13 information resources are managed, in a manner that effectively implements standard
14 policies, procedures, security controls, and the business priorities established by

1 executive branch agencies;

2 (3) promote the effective and efficient design and operation of all
3 major information resources and management processes for the state;

4 (4) oversee the development, implementation, and enforcement of
5 information technology security policies, standards, and practices in all executive
6 branch agencies, contractors of executive branch agencies, and third-party,
7 information-sharing partners of executive branch agencies;

8 (5) employ a chief information security officer to assist the chief
9 information officer; the chief information security officer is chosen by the chief
10 information officer and serves at the pleasure of the chief information officer;

11 (6) develop strategies and specific plans for hiring, training, and
12 professional development to rectify deficiencies in information technology security
13 policies, standards, and practices;

14 (7) identify and inventory all computer equipment owned by the state
15 and determine, in consultation with department heads, the equipment that should be
16 disposed of as surplus property under AS 44.68.110;

17 (8) adopt, fully document, and implement a standardized process for
18 managing information technology projects;

19 (9) manage information technology projects using a standardized, fully
20 documented process established and overseen by the director as described in
21 AS 44.21.630;

22 (10) ensure that major information technology projects are completed
23 on time and within budget and meet all defined business requirements upon
24 completion;

25 (11) ensure that minor information technology projects follow
26 processes established by the office;

27 (12) establish procedures to limit the need for change requests.

28 (b) The director shall review, approve or reject, and monitor all information
29 technology projects undertaken by a state agency. The director may approve an
30 information technology project

31 (1) that conforms to project management procedures and policies;

- (2) that does not duplicate a capability already existing in the state;
- (3) that conforms to procurement rules and policies; and
- (4) for which sufficient funds are available.

(c) The director shall ensure that state agency information technology project requirements are documented in biennial information technology plans. If a state agency updates a biennial information technology plan to add a new project, the director shall immediately report to the office of management and budget the reasons for the new requirement and the costs and funding sources associated with the new requirement.

(d) The director may adopt regulations that the director considers necessary to implement AS 44.21.600 - 44.21.660.

Sec. 44.21.620. Approval, suspension, and cancellation of projects. (a) A state agency may not begin an information technology project unless the director approves the project. If the director rejects a proposed information technology project, the director shall indicate the specific reasons the project was rejected in writing. The director shall, within five business days after rejecting a project, deliver the written rejection to the state agency and provide a copy of the rejection to the office of management and budget.

(b) The director may suspend or cancel an information technology project that does not continue to meet applicable quality assurance standards. The director shall immediately suspend or cancel an information technology project that is initiated without the director's approval. A project suspended or canceled because the project lacks the director's approval may not proceed until the state agency completes all required project management documentation and the director approves the project. If the director suspends or cancels a project, the director shall, within five business days after ordering the suspension or cancellation, provide in writing to the state agency and the office of management and budget the specific grounds for the suspension or cancellation of the project.

(c) A state agency may request that the governor review the director's decision to reject, suspend, or cancel an information technology project, or the director's decision not to enter into an agreement under AS 44.21.650, by submitting a written

request for review to the governor within 15 business days after receiving written notice of the director's decision. The agency's request for review must specify the grounds for the disagreement with the director's determination and include a copy of the director's written notice. The governor may request additional information from the agency or the director. Within 30 days after receiving the agency's request for review, the governor shall provide written notice to the agency and the director of the governor's decision and the specific grounds for the decision. The governor may

(1) affirm the director's decision;

(2) reverse or modify the director's decision if the governor finds that the decision is not supported by substantial evidence; or

(3) remand the decision to the director for additional findings.

(d) A contract between a state agency and a private entity for an information technology project must include provisions for vendor performance review and accountability, contract suspension or termination, and termination of funding. The director may require that a contract with a private entity include a performance bond, monetary penalties, or other performance assurance measures for a project that is not completed within the specified time or that exceeds the contracted price. The director may use cost savings realized on government vendor partnerships as performance incentives for an information technology vendor.

Sec. 44.21.630. Project management. (a) The director shall establish standardized documentation requirements for information technology projects, including requests for proposals and contracts. The director shall establish standards for project managers and project management assistants. The director shall develop performance measures for project reporting and make project reports available to the public on the office's Internet website.

(b) The director shall establish a clearly defined, standardized process for project management that includes timelines for completion of process requirements for both the office and state agencies. The director shall also establish reporting requirements for information technology projects during the planning, development, and implementation phases of the project and following completion of the project. The director shall continue to monitor system performance and financial aspects of each

1 project after implementation.

2 (c) For a major information technology project, the director shall designate a
3 project manager from the office. The project manager shall select qualified personnel
4 from the state agency undertaking the project to participate in information technology
5 project management, implementation, testing, and other activities. The project
6 manager shall provide periodic reports to the director. The reports must include
7 information regarding the state agency's business requirements, applicable laws and
8 regulations, project costs, issues related to hardware and software, training, projected
9 and actual completion dates, and other information relevant to the implementation of
10 the information technology project.

11 (d) The director may require a state agency developing or undertaking a major
12 information technology project to engage the services of private counsel or a subject
13 matter expert with the appropriate information technology expertise. The private
14 counsel or subject matter expert may review requests for proposals, review and
15 provide advice and assistance during the evaluation of proposals and selection of
16 vendors, and review and negotiate contracts associated with the project. This
17 subsection applies to minor information technology projects that are related and
18 separated into individual projects if the total cost of ownership of the individual
19 projects exceeds \$5,000,000.

20 (e) For a minor information technology project, the state agency undertaking
21 the project shall provide one or more project managers. A state agency project
22 manager is subject to review and approval by the director. A state agency project
23 manager shall ensure that applicable quality assurance standards are met, as
24 determined by the director. A state agency project manager shall provide periodic
25 reports to a project management assistant assigned to the project under (f) of this
26 section. The reports must include information regarding project costs, issues related to
27 hardware and software, training, projected and actual completion dates, and other
28 information relevant to the implementation of the information technology project.

29 (f) For a minor information technology project, the director shall designate a
30 project management assistant from the office. The director may designate a project
31 management assistant from the office to a major information technology project. A

project management assistant designated under this subsection shall advise the state agency undertaking an information technology project on the initial planning of a project, the content and design of requests for proposals, contracts, procurement, and architectural and other technical reviews. The project management assistant shall also monitor progress in the development and implementation of the project and provide status reports to the state agency and the director, including recommendations regarding continued approval of the project.

Sec. 44.21.640. Standards for purchases. The director shall establish standards for the purchase of state agency hardware and software that are consistent with AS 36.30 (State Procurement Code) and reflect identified and documented state agency needs.

Sec. 44.21.650. Exemptions. (a) The director may enter into a written agreement with a state agency that exempts the state agency from the requirements of AS 44.21.600 - 44.21.660 and authorizes the state agency to approve and monitor all information technology projects undertaken by the state agency. The written agreement must

(1) require the state agency to comply with

(A) standardized processes adopted under AS 44.21.610(a);

(B) standardized processes adopted under AS 44.21.610(a)

with a list of variations; or

(C) standardized processes adopted by the state agency;

(2) require the state agency to comply with

(A) standardized processes established under AS 44.21.630;

(B) standardized processes established under AS 44.21.630

with a list of variations; or

(C) standardized processes adopted by the state agency that

include documentation requirements, project management processes, and qualifications for project managers;

(3) include a plan for the state agency to fulfill obligations with contractors;

(4) allow the state agency to designate an employee of the state agency

1 or a contractor as a project manager; and

2 (5) require the state agency to submit periodic reports to the director,
3 including updates to the state agency's biennial information technology plan as
4 provided in AS 44.21.610(c).

5 (b) The director may enter into a written agreement with a state agency that
6 exempts an information technology project undertaken by the state agency from a
7 requirement of AS 44.21.600 - 44.21.660. The written agreement must detail the
8 requirement that is waived, how the state agency will deviate from the requirement,
9 and the purpose of the deviation.

10 (c) If the director decides not to enter into a written agreement with a state
11 agency under (a) or (b) of this section, the director shall provide in writing to the state
12 agency and the office of management and budget the specific grounds for the decision.
13 The state agency may request that the governor review the director's decision as
14 provided in AS 44.21.620(c).

15 (d) The director shall include a copy of an agreement entered into with a state
16 agency under (a) or (b) of this section in the biennial information technology plan
17 required under AS 44.21.610(c) and shall deliver the agreement to the senate secretary
18 and the chief clerk of the house of representatives and notify the legislature that the
19 agreement is available.

20 **Sec. 44.21.660. Definitions.** In AS 44.21.600 - 44.21.660,

21 (1) "change request" means a formal proposal requesting deviations in
22 the project processes, cost, scope, or timeline;

23 (2) "director" means the director of the office of information
24 technology;

25 (3) "information technology project" means an effort of defined and
26 limited duration that implements, effects a change in, or addresses a risk to processes,
27 services, security, systems, records, data, human resources, or architecture related to
28 technology used for the processing and transmission of information; "information
29 technology project" does not include a broadband project managed by the office of
30 broadband under AS 44.33.910;

31 (4) "major information technology project" means an information

1 technology project undertaken by a state agency that has a total lifetime cost of
2 ownership of \$5,000,000 or more or an information technology project jointly
3 undertaken by two or more state agencies;

4 (5) "minor information technology project" means an information
5 technology project undertaken by a single state agency that has a total lifetime cost of
6 ownership of less than \$5,000,000;

7 (6) "office" means the office of information technology;

8 (7) "state agency" has the meaning given to "state agencies" in
9 AS 44.21.390.

10 * **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to
11 read:

12 TRANSITION: REGULATIONS. The Department of Administration shall adopt
13 regulations necessary to implement this Act. The regulations take effect under AS 44.62
14 (Administrative Procedure Act), but not before the effective date of the law implemented by
15 the regulation.

16 * **Sec. 3.** Section 2 of this Act takes effect immediately under AS 01.10.070(c).

17 * **Sec. 4.** Except as provided in sec. 3 of this Act, this Act takes effect January 1, 2025.