

ALASKA STATE LEGISLATURE
SENATE STATE AFFAIRS STANDING COMMITTEE

February 13, 2024

3:32 p.m.

MEMBERS PRESENT

Senator Scott Kawasaki, Chair
Senator Matt Claman, Vice Chair
Senator Jesse Bjorkman
Senator Bill Wielechowski
Senator Kelly Merrick

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SPECIAL SENATE CONCURRENT RESOLUTION (SSRC) NO. 5
Disapproving EO 128.

- MOVED SSCR 5 OUT OF COMMITTEE

SB 195

"An Act relating to the office of management and budget; and providing for an effective date."

- HEARD AND HELD

SB 159

"An Act establishing Alaska Veterans' Poppy Day; and providing for an effective date."

- MOVED SB 159 OUT OF COMMITTEE

SB 201

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

- HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: SSCR 5

SHORT TITLE: DISAPPROVE EO 128
SPONSOR(s): RULES

02/12/24 (S) READ THE FIRST TIME - REFERRALS
02/12/24 (S) STA
02/13/24 (S) STA AT 3:30 PM BELTZ 105 (TSBldg)

BILL: SB 195

SHORT TITLE: STATE AGENCY PERFORMANCE IMPROVEMENT
SPONSOR(s): SENATOR(s) KAUFMAN

01/18/24 (S) READ THE FIRST TIME - REFERRALS
01/18/24 (S) STA, FIN
02/13/24 (S) STA AT 3:30 PM BELTZ 105 (TSBldg)

BILL: SB 159

SHORT TITLE: ALASKA VETERANS' POPPY DAY
SPONSOR(s): SENATOR(s) DUNBAR

01/16/24 (S) PREFILE RELEASED 1/8/24
01/16/24 (S) READ THE FIRST TIME - REFERRALS
01/16/24 (S) STA
02/01/24 (S) STA AT 3:30 PM BELTZ 105 (TSBldg)
02/01/24 (S) Heard & Held
02/01/24 (S) MINUTE(STA)
02/13/24 (S) STA AT 3:30 PM BELTZ 105 (TSBldg)

BILL: SB 201

SHORT TITLE: OFFICE OF INFORMATION TECHNOLOGY
SPONSOR(s): SENATOR(s) KAUFMAN

01/24/24 (S) READ THE FIRST TIME - REFERRALS
01/24/24 (S) STA, FIN
02/13/24 (S) STA AT 3:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

SENATOR JAMES KAUFMAN, District F
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Sponsor of SB 195.

MATTHEW HARVEY, Staff
Senator James Kaufman
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Presented the sectional analysis for SB 195.

SENATOR FORREST DUNBAR, District J
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented a brief sponsor statement on SB 159.

SENATOR JAMES KAUFMAN, District F
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of SB 201.

ACTION NARRATIVE

[3:32:03 PM](#)

CHAIR SCOTT KAWASAKI called the Senate State Affairs Standing Committee meeting to order at 3:32 p.m. Present at the call to order were Senators Claman, Bjorkman, Wielechowski, Merrick, and Chair Kawasaki.

SSCR 5 DISAPPROVE EO 128

[3:33:25 PM](#)

CHAIR KAWASAKI announced the consideration of SENATE SPECIAL CONCURRENT RESOLUTION NO. 5 Disapproving Executive Order No. 128.

[3:33:32 PM](#)

CHAIR KAWASAKI solicited a motion.

[3:33:35 PM](#)

SENATOR CLAMAN moved EO 128 be reported from committee, and SSCR 5, work order 33-LS1335\A, with individual recommendations and attached fiscal note(s). For the record this report does not reflect an intent by any of the members to vote for or against a special concurrent resolution disapproving this Executive Order in joint session.

[3:34:17 PM](#)

CHAIR KAWASAKI found no objection and EO 128 and SSRC 5 were reported from the Senate State Affairs Standing Committee.

SB 195-STATE AGENCY PERFORMANCE IMPROVEMENT

[3:34:42 PM](#)

CHAIR KAWASAKI announced the consideration of SENATE BILL NO. 195 "An Act relating to the office of management and budget; and providing for an effective date."

[3:35:12 PM](#)

SENATOR JAMES KAUFMAN, District F, Alaska State Legislature, Juneau, Alaska, sponsor for SB 195, stated his office develops performance-type legislation. In a previous Senate State Affairs Committee hearing, SB 21 passed out of committee to create long-term strategic operating plans and is currently in Senate Finance. Both SB 21 and SB 195 work together to help close the performance gap in legislative operations. He opined that the state runs a multi-billion-dollar budget operation, but lacks a coherent continuous improvement quality management plan. If the Budget Act Reform were to pass, it would create four years of strategic operating plans, updated every two years. SB 195 would generate a more robust performance management process, and would center on customer focus. He said when he worked in the corporate sector in the 80s-90s, a customer focus was emphasized through the awareness and identification of potential customers. He applied the idea of engaging with everyone using a customer focus, whether between colleagues or among everyday citizens. Research on other state's uses of the performance concept has a wide range of possibilities depending on funding. SB 195 aims to drive definitions into the operations in the Office of Management and Budget (OMB) to enable a higher degree of performance management. He read the three key provisions of SB 195 as found in the sponsor statement:

[Original punctuation provided.]

- Expand the statutory duties of the OMB director to collect and analyze data on performance of agencies, to advise the governor on matters of improvement of business processes and increasing accountability, and to publish regularly updated progress updates on a website.
- Empower OMB to collaborate with state agencies to enhance responsiveness, improve customer service quality, and implement cost optimization strategies.
- Establish a framework for state agencies to cooperate fully with the OMB, ensuring timely responses to inquiries and the provision of necessary information for performance evaluation and improvement.

[3:40:05 PM](#)

SENATOR KAUFMAN added that the point of SB 195 is to establish a performance improvement officer who is dedicated to better state management and driving a continuous improvement model. The framework SB 195 provides would also assist the CEO that is elected every four years.

[3:41:26 PM](#)

CHAIR KAWASAKI asked if he considered creating a new position to advise the governor rather than using the existing framework within OMB.

[3:42:01 PM](#)

SENATOR KAUFMAN replied it is a matter of cost and scope. He said the state often struggles for funding, so the most critical move forward is to take the first step. A more robust position would reap benefits. He suggested the committee could explore other avenues to address performance improvement management.

[3:42:50 PM](#)

CHAIR KAWASAKI asked for perspective on the issue that SB 195 would increase the responsibility of OMB directors within the agency of the executive branch but not subject the position to the legislative confirmation process. He also asked how the OMB director tasked with collecting data transcends administrations.

[3:43:58 PM](#)

SENATOR KAUFMAN responded that an expansion was not considered in light of fiscal constraints. However, SB 195 would refine roles and reshape the existing asset to drive a better product.

[3:44:55 PM](#)

MATTHEW HARVEY, Staff, Senator James Kaufman, Alaska State Legislature, Juneau, Alaska, presented the sectional analysis for SB 195.

[Original punctuation provided.]

Sectional Analysis for SB 201 - Bill Version B

"An Act relating to the Office of Information Technology; relating to information technology projects undertaken by state agencies; and providing for an effective date."

Section 1: Adds a new Article to AS 44.21 (State Government → Department of Administration)

New Section 44.21.600:

Creates the Office of Information Technology (OIT) within the Department of Administration (DOA) and names the director of the office as the Chief Information Officer (CIO) of the state.

New Section 44.21.610: Duties of Office and Director

Duties of OIT:

- Develop and implement standardized Information Technology (IT) project management processes.
- Manage IT projects using these processes.
- Ensure major IT projects meet time, budget, and other requirements.
- Ensure minor IT projects follow established processes.
- Establish procedures to reduce change requests.

CIO's responsibilities

- Review, approve or reject, and monitor state agency IT projects undertaken by state agencies.
- May approve IT projects that conforms to procedures and policies, do not duplicate existing capabilities, conform to procurement rules and policies, and for which sufficient funds are available.
- Ensure IT project requirements are documented in biennial IT plans.
- If biennial IT plans change, report new project and funding requirements to OMB.
- May adopt regulations as deemed necessary.

New Section 44.21.620: Approval, suspension, and cancellation of projects

- State agencies may not initiate IT projects without approval from the CIO. A rejection must be in writing with reasons specified.
- CIO may suspend or cancel IT projects that fail to meet applicable quality standards.

- Agencies can request the review by the governor within 15 business days if the CIO rejects, suspends, or cancels a project. The governor has 30 days to respond with a decision to affirm, reverse, modify, or remand the CIO's decision.
- Contracts with private entities must include provisions for Vendor performance review, suspension, or termination.
- The CIO may require performance bonds, penalties, or other measures in case a project is over budget or completed late.
- The CIO may also use realized cost savings as performance incentives for vendors.

New Section 44.21.630: Project Management

- The CIO shall establish standardized documentation requirements, project manager standards, and performance measures for project reporting.
- Project reports will be available on a publicly accessible website.
- The CIO must establish a standardized project management process including timelines, reporting requirements, and post-completion monitoring.
- For "Major Information Technology Projects" the CIO will designate a project manager from OIT.
 - The project manager shall select qualified personnel to participate in project activities.
 - The project manager shall provide reports including business requirements, applicable laws and regulations, project costs, issues, training, project and actual completion dates, and other relevant information.
- For "Major Information Technology Projects" the CIO may require agencies to engage private counsel or subject matter experts.
- For "Minor Information Technology Projects" the relevant state agency shall provide a project manager meeting CIO established standards
- A project management assistant from OIT will advise on all "Minor Information Technology Projects"

New Section 44.21.640: Standards for Purchases

The CIO shall establish standards for purchasing hardware and software that are consistent with State Procurement Code.

New Section 44.21.650: Definitions (Selected Definitions Listed Below)

Change Request: A formal proposal requesting deviations in the project processes, cost, scope, or timeline.

Information Technology Project: An effort of defined and limited duration that implements, effects a change in, or addresses a risk to processes, services, security, systems, records, human resources, or architecture related to technology for the processing and transmission of information IT Projects do not include broadband projects managed by the office of broadband

Major Information Technology Project: An information technology project undertaken by a state agency that has a total lifetime cost of ownership of \$5 million or more or an IT project that affects more than one agency

Minor Information Technology Project: An information technology project undertaken by a single state agency that has a total lifetime cost of ownership of less than \$5 million

Section 2: Transition

The Department of Administration shall adopt necessary regulations

Section 3: Effective Date of Beginning Regulatory Work

The Department of Administration may beginning drafting regulations immediately

Section 4: Effective Date of Bill

All other sections of this bill take effect January 1, 2025

[3:48:06 PM](#)

SENATOR CLAMAN acknowledged challenges with recruiting, retention, and meeting demands in OMB. He asked whether SB 195 would overwhelm OMB's current extensive list of duties.

[3:48:47 PM](#)

SENATOR KAUFMAN responded that SB 195 would incorporate basic structures that would not entail additional work. In consideration of the budget, SB 195 was shaped to codify roles and responsibilities, develop definitions to improve efficiency, and add leverage to existing resources.

[3:49:50 PM](#)

SENATOR CLAMAN asked if leaving out the frequency of plan roll outs was intentional, since two years was mentioned in discussion.

[3:50:18 PM](#)

MR. HARVEY replied that the mention of two years referenced to other legislation carried by Senator Kaufman. SB 195 does not have any requirements for submission of plans.

[3:51:10 PM](#)

CHAIR KAWASAKI suggested that a representative from OMB contribute their thoughts on SB 195.

[3:51:32 PM](#)

SENATOR KAUFMAN agreed that participation from OMB would provide value.

[3:51:42 PM](#)

CHAIR KAWASAKI held SB 195 in committee.

[3:51:51 PM](#)

At ease

SB 159-ALASKA VETERANS' POPPY DAY

[3:52:24 PM](#)

CHAIR KAWASAKI reconvened the meeting and announced the consideration of SENATE BILL NO. 159 "An Act establishing Alaska Veterans' Poppy Day; and providing for an effective date."

[3:52:57 PM](#)

SENATOR FORREST DUNBAR, District J, Alaska State Legislature, Juneau, Alaska, said SB 159 provides an opportunity for the

legislature and the people of Alaska to acknowledge service members who have sacrificed their lives for this country by designating the Friday before Memorial Day as Veterans' Poppy Day.

[3:53:26 PM](#)

SENATOR MERRICK moved to report SB 159, work order 33-LS0925\S, from committee with individual recommendations and attached fiscal note(s).

[3:53:48 PM](#)

CHAIR KAWASAKI found no objection and SB 159 was reported from the Senate State Affairs Standing Committee.

[3:54:00 PM](#)

At ease

SB 201-OFFICE OF INFORMATION TECHNOLOGY

[3:54:52 PM](#)

CHAIR KAWASAKI reconvened the meeting and announced the consideration of SB 201 "An Act establishing the office of information technology; relating to information technology projects undertaken by state agencies; and providing for an effective date."

[3:55:18 PM](#)

SENATOR JAMES KAUFMAN, District F, Alaska State Legislature, Juneau, Alaska, stated he previously worked in a functional matrix organization with integrated expertise to assist project teams. These experts played a critical role in the organization but were at times underutilized. The organization examined ways to codify existing resources and better manage information technology projects. SB 201 presents an opportunity to create an enterprise project management office that ensures Information Technology (IT) projects are driving value, well managed, coherent, and are not superfluous. At a high level, work in government and some businesses is often performed online or through a primary interface, so ensuring project success helps enable organizational interface and uplifts the experience. SB 201 would address the state's gaps in its information technology practices. He referenced report findings published by the Digital States Survey of 2022 that placed Alaska at the bottom. The low score is attributed to an incoherent approach and gaps in capabilities but could level out using best practices. The Office of Information Technology (OIT) was created under an executive order with the intent to deliver efficient service.

However, there are opportunities to further standardize the processes and establish definitions in statute.

SB 201 would ensure effective management of technology projects including oversight on Supplemental Nutrition Assistance Program (SNAP) backlogs and professional licensing permitting, thereby signaling to the legislature the state's willingness to improve functions under OIT. The bill would empower the Chief Information Officer to oversee IT projects to ensure investments align with executive strategy, adhere to best practices, and are reported using consistent metrics.

[4:01:12 PM](#)

SENATOR KAUFMAN said SB 201 would strengthen the legislature's awareness of ongoing practices in the realm of IT project management. He added that the bill would improve cost effectiveness, create a more efficient and customer driven landscape, and enable state government recruitment from remote communities. As the state continues to build out broadband connectivity in remote areas, communities gain access to state internet facilities and workforce development. Broadband access would also solve staffing problems, permit flexible work hours, and streamline remote operations. He suggested that the fastest way to travel around Alaska is through digital connections. SB 201 would help solve the state's challenges surrounding workforce development.

[4:03:47 PM](#)

MATTHEW HARVEY, Staff, Senator James Kaufman, Alaska State Legislature, Juneau, Alaska, presented on SB 195. He spoke to slide 2 of the presentation regarding Alaska's IT landscape:

[Original punctuation provided.]

Alaska's IT Landscape

- In the 1970's/80s, Article 2 of Section AS 44.21 added "automatic data processing" requirements to DoA resulting in the creation of the Division of Enterprise Technology Services (ETS).
- AO 284 by Governor Walker in 2017 merged ETS into a new Office of Information Technology (OIT).
- AO 314 by Governor Dunleavy in 2020 improved data sharing capabilities across agencies.
- In 2019/2020 the AAPEX program was launched by DOA in an effort to consolidate and improve IT and back-office functions

- A January press release described Alaska's transition of "over 700 applications to the cloud without disrupting services to Alaskans"

[4:05:56 PM](#)

MR. HARVEY moved to slide 3 and highlighted current IT challenges in the state:

[Original punctuation provided.]

Why We Need to Focus on IT

- At the time of past legislative or AO action related to IT systems, technology was not where it is today and is quickly evolving. We can't rely solely on AO's and budget changes.
- Alaska has had numerous issues including SNAP backlogs and professional licensing wait times, in which IT systems have been a contributing factor.
- All organizations struggle with technology and legacy apps SB 201 defines OIT in statute and creates an Enterprise Project Management Office (EPMO) for IT projects within OIT.
- Centralized oversight will improve investment decision making, consistency, integration, and optimization.
-

[4:07:23 PM](#)

MR. HARVEY moved to slide 4 and explained the purpose of the Enterprise Project Management Office (EPMO):

[Original punctuation provided.]

What is an EPMO?

- An EPMO, or Enterprise Project Management Office, serves as the strategic hub for managing IT projects across an organization.
- It serves as "mission control" for the state CIO, providing a comprehensive view of technology investments and projects.
- The EPMO operates at a strategic level, ensuring alignment between IT projects and organizational objectives.

- It offers project guidance, governance, standardized processes, and best practices to optimize project portfolio management.
- Ultimately, the EP MO plays a crucial role in driving successful project outcomes and advancing the organization's mission in the digital age.

[4:08:31 PM](#)

MR. HARVEY spoke to missing pieces under SB 195 including components related to the administrative order issued by former governor Bill Walker that comprised many operations and responsibilities, whereas SB 201 currently focuses on project management.

[4:09:25 PM](#)

MR. HARVEY presented the sectional analysis for SB 201:

[Original punctuation provided.]

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[4:13:59 PM](#)

CHAIR KAWASAKI asked whether SB 201 specifies guidelines for a director to reject a project.

[4:14:48 PM](#)

MR. HARVEY replied that bill language provides guidelines for the suspension, cancellation, or rejection of a project. He stated his belief that the office of OIT would not reject a project based on policy decisions, redundancy, or outdated technology.

[4:15:48 PM](#)

CHAIR KAWASAKI noted that the sectional analysis excludes that point and could imply a director's ability to reject a project based on personal preference.

[4:16:22 PM](#)

SENATOR KAUFMAN stated he previously served as an internal consultant on 30 different small projects on the North Slope. He said because of the engagement process, he had a clear vision of the larger picture that helped address vendor procurement issues, construction techniques, and other gaps. Resources were developed and deployed to help inform employees through standardization, planning, and an understanding of the larger picture.

[4:18:38 PM](#)

CHAIR KAWASAKI held SB 201 in committee.

[4:19:03 PM](#)

There being no further business to come before the committee, Chair Kawasaki adjourned the Senate State Affairs Standing Committee meeting at 4:19 p.m.