A BILL FOR AN ACT

CONCERNING PROJECT MANAGEMENT COMPETENCIES FOR CERTAIN STATE CONTRACTS.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at http://leg.colorado.gov.)

Section 1: Currently, the office of state planning and budgeting is required to prepare the forms and instructions to be used in preparation of all budget requests and supplemental budget requests submitted to the joint technology committee (JTC). For a budget request for a major information technology project (major IT project) submitted to the JTC for funding in the 2020-2021 state fiscal year or any state fiscal year
thereafter, the bill requires the forms and instructions to include the submission of a written business case specifying certain information about the major IT project.

**Section 2:** Beginning July 1, 2019, if a governmental body enters into a contract pursuant to the "Procurement Code" that is reasonably expected to cost at least $1 million and that requires the contractor or any subcontractor to perform work on a computer, then the governmental body shall ensure that the contract requires the contractor to use qualified software to verify that the hours billed on the contract are valid and fulfill the purpose of the contract. The governmental body shall also ensure that the contract specifies that the governmental body will not pay the contractor for hours worked on a computer unless the hours can be verified by the use of qualified software.

A contractor required to use qualified software pursuant to a contract with a governmental body is required to store, or contract with another entity to store, data collected by the qualified software for 7 years after the governmental body has paid the contractor for work performed pursuant to the contract. The contractor is required to retrieve data upon request of the governmental body in the format requested by the governmental body.

A governmental body is prohibited from paying a contractor's costs associated with the contractor's use of qualified software and is prohibited from paying a contractor for retrieval of data collected by the qualified software.

**Section 3:** For budget requests for a major IT project submitted to the JTC for funding in the 2020-2021 state fiscal year or any state fiscal year thereafter, a governmental body is required to provide for a change management plan, including specified information and the resources necessary for the execution of the change management plan. Governmental bodies are required to seek best practices with private- or public-sector experts when appropriate to develop and implement change management plans and are required to provide written change management plans to the JTC and the office of state planning and budgeting.

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1. *Be it enacted by the General Assembly of the State of Colorado:*

2. **SECTION 1.** In Colorado Revised Statutes, 24-37-302, amend (1)(a.5)(III) and (1)(a.5)(IV); and add (1)(a.5)(V) as follows:

3. **24-37-302.** Responsibilities of the office of state planning and budgeting. (1) The office of state planning and budgeting shall assist the
governor in his or her responsibilities pertaining to the executive budget. Specifically, it shall:

   (a.5) Design and prepare, in coordination with the staff of the joint technology committee of the general assembly, the forms and instructions to be used in preparation of all budget requests and supplemental budget requests submitted to the joint technology committee pursuant to section 24-37-304 (1)(c.5). The staff of the joint technology committee shall make recommendations to the joint technology committee regarding such forms and instructions for the committee's approval. The forms and instructions shall require that budget requests submitted to the joint technology committee include:

   (III) A range of options for completing the project, including the estimated costs for such options; and

   (IV) Any other available and relevant information obtained from the market research related to the information technology budget request;

   AND

   (V) FOR A MAJOR INFORMATION TECHNOLOGY PROJECT, AS DEFINED IN SECTION 24-37.5-102 (2.6), SUBMITTED TO THE JOINT TECHNOLOGY COMMITTEE FOR FUNDING IN THE 2020-2021 STATE FISCAL YEAR OR ANY STATE FISCAL YEAR THEREAFTER, A WRITTEN BUSINESS CASE THAT INCLUDES AT A MINIMUM:

   (A) A DESCRIPTION OF THE BUSINESS NEED FOR THE MAJOR INFORMATION TECHNOLOGY PROJECT;

   (B) A BUDGET FOR THE MAJOR INFORMATION TECHNOLOGY PROJECT;

   (C) AN ESTIMATE OF THE OPERATIONAL IMPACTS OF THE MAJOR INFORMATION TECHNOLOGY PROJECT;
(D) A scan of available options to meet the business need for the major information technology project;

(E) An outline of the benefits to the state of a successful implementation of the major information technology project and an outline with time frames of anticipated benefits;

(F) An analysis of the risks of not pursuing the major information technology project and how the proposed solutions will mitigate those risks; and

(G) An assessment of business process improvement, the need for process improvement, and corresponding change management for the major information technology project.

SECTION 2. In Colorado Revised Statutes, add 24-37.5-116 as follows:

24-37.5-116. Major information technology projects - project management and metrics. (1) (a) The office shall ensure that every major information technology project has a project manager in the office. The office and the state agency that is a party to the contract for the major information technology project shall ensure that the project manager from the office is regularly involved in the management of the project. The project manager for each major information technology project is required to develop, in coordination with the state agency that is a party to the contract for a major information technology project, applicable project baseline metrics for the project as specified in subsection (1)(b) of this section to be used to track the progress of the project. The project manager for each major information technology project shall obtain
APPROVAL FOR THE PROJECT BASELINE METRICS FROM THE STATE AGENCY THAT IS A PARTY TO THE CONTRACT FOR THE MAJOR INFORMATION TECHNOLOGY PROJECT. THE OFFICE SHALL ENSURE THAT THE CONTRACTOR DOES NOT BEGIN WORK ON A MAJOR INFORMATION TECHNOLOGY PROJECT UNTIL THE PROJECT MANAGER HAS DEVELOPED THE BASELINE METRICS FOR THE PROJECT AND THE BASELINE METRICS HAVE BEEN APPROVED BY THE STATE AGENCY THAT IS A PARTY TO THE CONTRACT FOR THE PROJECT.

(b) THE PROJECT MANAGER FOR A MAJOR INFORMATION TECHNOLOGY PROJECT IS REQUIRED TO DEVELOP BASELINE METRICS FOR THE PROJECT THAT INCLUDE, BUT NEED NOT BE LIMITED TO:

(I) THE PROJECT SCOPE, INCLUDING A STATEMENT OF THE PRODUCTS, SERVICES, AND RESULTS THAT A PROJECT IS REQUIRED TO DELIVER;

(II) THE PROJECT SCHEDULE, INCLUDING THE PLANNED DATES FOR SIGNIFICANT MILESTONES FOR A PROJECT;

(III) THE PROJECT BUDGET, INCLUDING THE AUTHORIZED ESTIMATED BUDGET FOR ALL PHASES OF THE PROJECT; AND

(IV) THE EXPECTED AND ACCEPTABLE QUALITY OF THE PROJECT.

(2) (a) THE OFFICE SHALL DEVELOP, IN COOPERATION WITH THE STATE AGENCY THAT IS A PARTY TO THE CONTRACT FOR A MAJOR INFORMATION TECHNOLOGY PROJECT, PERFORMANCE INDICATORS FOR THE PROJECT TO BE USED TO MONITOR THE PROJECT. THE PERFORMANCE INDICATORS SHALL INCLUDE QUANTITATIVE METRICS TO ASSESS VARIATIONS IN THE BASELINE METRICS FOR A PROJECT, SUCH AS A SCHEDULE AND COST PERFORMANCE MEASUREMENTS. THE OFFICE, IN COORDINATION WITH THE STATE AGENCY THAT IS A PARTY TO THE
CONTRACT FOR A MAJOR INFORMATION TECHNOLOGY PROJECT, SHALL
ALSO ESTABLISH QUANTITATIVE CRITICAL SUCCESS FACTORS TO TRACK
THE SUCCESS OF EACH MAJOR INFORMATION TECHNOLOGY PROJECT.

(b) If the Office chooses to use color levels as
performance indicators, the office shall include a definition of
each color level and shall specify the performance indicator
value used to assign the color level.

(c) The Office shall create and maintain on its website a
user-friendly, public-facing data visualization tool that
provides an analysis and visual representation of the
performance indicators that it develops pursuant to this
section.

(3) (a) After the project manager has obtained approval
for the project baseline metrics from the applicable state
agency pursuant to subsection (1) of this section, the project
manager shall provide the following to the joint technology
committee:

(I) The approved baseline metrics that will be used to
track the progress of the project;

(II) The performance indicators that will be used to assess
variations in the baseline metrics for the project; and

(III) The quantitative critical success factors that will
be used to track the success of the project.

(b) If a project manager for a major information
technology project modifies the performance indicators for the
project during the duration of the project, the project manager
shall notify the joint technology committee of the change and
SHALL PROVIDE THE UPDATED PERFORMANCE INDICATORS TO THE
COMMITTEE.

(4) (a) AFTER THE PROJECT MANAGER HAS PROVIDED THE
BASELINE METRICS, PERFORMANCE INDICATORS, AND CRITICAL SUCCESS
FACTORS FOR A MAJOR INFORMATION TECHNOLOGY PROJECT TO THE JOINT
TECHNOLOGY COMMITTEE PURSUANT TO SUBSECTION (3) OF THIS SECTION,
THE OFFICE SHALL CREATE QUARTERLY STATUS REPORTS REGARDING THE
MAJOR INFORMATION TECHNOLOGY PROJECT USING THE PERFORMANCE
INDICATORS THAT WERE SPECIFIED FOR THE PROJECT BY THE PROJECT
MANAGER. THE OFFICE SHALL PROVIDE THE QUARTERLY STATUS REPORT
FOR EACH MAJOR INFORMATION PROJECT TO THE JOINT TECHNOLOGY
COMMITTEE AND SHALL INCLUDE IN THE REPORT THE BUDGET SPECIFIED
IN THE PROJECT BASELINE METRICS, THE COMMITTED BUDGET FOR THE
PROJECT TO DATE, AND THE AMOUNT THAT HAS BEEN SPENT ON THE
PROJECT TO DATE.

(b) IF THE QUARTERLY STATUS REPORT FOR A MAJOR INFORMATION
TECHNOLOGY PROJECT INDICATES THAT THE PROJECT IS UNLIKELY TO
ACHIEVE THE PERFORMANCE INDICATORS ESTABLISHED FOR THE PROJECT,
THE OFFICE SHALL PLACE THE PROJECT ON A LIST FOR MORE INTENSE
MONITORING.

(c) IN THE COURSE OF MONITORING MAJOR INFORMATION
TECHNOLOGY PROJECTS THE OFFICE SHALL DETERMINE WHETHER THERE
IS A NEED FOR CORRECTIVE ACTION FOR THE PROJECT. IF THE OFFICE
DETERMINES THAT THE PROJECT IS NOT IN COMPLIANCE WITH THE
ESTABLISHED BASELINE METRICS FOR THE PROJECT, THAT THE VARIANCES
IN THE ESTABLISHED PERFORMANCE INDICATORS OR SUCCESS FACTORS
ESTABLISHED FOR THE PROJECT ARE INTOXIDABLE, OR THAT THE PROJECT
IS OTHERWISE IN NEED OF CORRECTIVE ACTION, THE OFFICE SHALL NOTIFY
THE STATE AGENCY THAT IS A PARTY TO THE CONTRACT FOR THE PROJECT
OF THE OFFICE’S RECOMMENDED CORRECTIVE ACTION FOR THE PROJECT.

SECTION 3. In Colorado Revised Statutes, add 24-37.5-804 ___ as follows:

___ _____ ___

24-37.5-804. Major information technology projects - accountability - change management - process improvement - legislative declaration - definition. (1) (a) THE GENERAL ASSEMBLY FINDS AND DECLARES THAT:

(I) AS THE STATE SEEKS TO PROVIDE IMPROVED SERVICE AT A LOWER COST TO ITS CITIZENS AND AS TECHNOLOGY CONTINUES TO PLAY AN INCREASED ROLE IN SERVICE DELIVERY, THE PACE OF CHANGE FOR GOVERNMENTAL BODIES WILL CONTINUE TO INCREASE;

(II) PROGRAMS THAT INVOLVE SIGNIFICANT EXPENDITURES OR MAJOR CHANGES FOR LARGE NUMBERS OF STATE RESIDENTS SHOULD EACH BE BACKED BY A STRONG BUSINESS CASE AT ITS LAUNCH;

(III) RESEARCH HAS CONSISTENTLY SHOWN THAT PROJECTS WITH EFFECTIVE CHANGE MANAGEMENT PROGRAMS ARE SIGNIFICANTLY MORE LIKELY TO BE SUCCESSFUL THAN PROJECTS WITH LITTLE OR NO CHANGE MANAGEMENT PROGRAMS AND ARE SIGNIFICANTLY MORE LIKELY TO BE COMPLETED ON TIME AND ON OR UNDER BUDGET; AND

(IV) LEADING PRIVATE BUSINESSES HAVE GROWN AND REGULARLY UTILIZE CHANGE MANAGEMENT SERVICES TO ENSURE THAT TECHNOLOGICAL, ORGANIZATIONAL, AND OTHER CHANGES ARE EFFECTIVELY IMPLEMENTED.

(b) THE GENERAL ASSEMBLY FURTHER FINDS AND DECLARES THAT
THE INTENT OF THIS SECTION IS TO USE CHANGE MANAGEMENT PROGRAMS FOR MAJOR INFORMATION TECHNOLOGY PROJECTS IN THE STATE TO IMPROVE FINAL OUTCOMES AND REDUCE THE OVERALL COST TO THE STATE FOR MAJOR INFORMATION TECHNOLOGY PROJECTS.

(2) (a) For major information technology projects that are proposed to the Joint Budget Committee for funding in the 2020-2021 state fiscal year, or any state fiscal year thereafter, a state agency shall include a change management plan and resources necessary for the execution of the change management plan for major information technology projects. At a minimum, a change management plan and execution shall incorporate the following:

(I) A stakeholder analysis covering all impacted parties, including impacted groups, number of stakeholders impacted, type and degree of impact, and like areas and degree of resistance;

(II) A change risk assessment;

(III) Primary sponsors for the change program;

(IV) A change management program approach; and

(V) A change management work plan for communication, coaching, training, sponsorship, and resistance management.

(b) A state agency shall seek best practices with private- or public-sector experts when appropriate to develop and implement change management plans. Change management consulting may be independent of project implementation.

(c) A state agency shall provide written change
MANAGEMENT PLANS TO THE JOINT TECHNOLOGY COMMITTEE AND THE OFFICE OF STATE PLANNING AND BUDGETING.

SECTION 4. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.