

March 6, 2025

House Government and Veteran Affairs Committee
Honorable Austen Schauer, Chair
North Dakota State Capitol, Pioneer Room

RE: SB 2049 – Support testimony presented by Corey Mock, Chief Information Officer

Chairman Schauer and members of the House GVA Committee:

SB 2049 is NDIT's second (of two) agency bills intended to clean up NDCC and update the process for large IT project oversight.

Much like SB 2048, the framework within SB 2049 date back to 1999 and the establishment of NDIT. Project management, reporting, and oversight became more clearly defined in the late 2000s following procurement and subsequent failure of major IT projects which were poorly planned and executed. Intervention opportunities were missed, which results in time, money, and frustration.

Startup, closeout, and project status reports are presented to the Legislative IT Committee on a quarterly basis. Today, we provide updates on all IT projects within a visual dashboard, which is updated daily and tracks all milestones in real time.

SB 2049 was originally intended to add members to the Executive Steering Committee (ESC), which is the project oversight committee for all major IT projects. Per today's definition, a major IT project is anything greater than \$500,000. There are between 40-45 ESCs overseeing projects at this time.

While ESCs provide transparency and accountability, they also consume time while adding expenses to projects. There are cost savings that come with project oversight – catching deviations and failure points early allows for quick intervention and reduces the odds of project failure.

However, projects today are developed by different means than they were 20 years ago.

Today, many projects are developed on low code / no code platforms – these are software based programs that require little-to-no custom coding and are designed for easy expansion over time (e.g. designing a LEGO set, then adding new elements with LEGO bricks later on.)

There are some up front costs to these projects, but software as a service (SaaS) generally carries perpetual licensing costs (e.g. purchasing a vehicle and owning it from day one vs. leasing a vehicle and having the ability to update every few years.)

Risk associated with some projects may not be determined by the cost at all. Projects that take a year or more to complete may carry additional risks with new technologies, evolving needs, and the ability of a contractor to produce tangible results over an extended period of time.

Finally, risk associated with some projects may not be captured by time or money at all. Installation of IT equipment in a new capital project (e.g. Military Museum) may carry a high price tag and be a project that takes more than a year to complete, but this carries little risk from an IT governance standpoint.

SB 2049 modifies the definition of major IT projects so threshold that automatically triggers an ESC is more aligned with today's development standards. We also referenced many other states to validate our oversight methods.

After considerable work with the Governor's office and project stakeholders, SB 2049 defines a major IT project as a project that meets one of the following criteria:

- Costs \$5 million or more;
- Requires 1 year or more to complete;
- Requires oversight due to its potential benefits, risks, public impact, visibility, or other significant reason.

This definition would reduce the automatic number of ESCs from 40-45 to 25-30 (based on current projects.) There could be additional changes based on the CIO's discretion to flag a project for oversight or waive oversight requirements.

NDIT continues to monitor and work with project managers for all projects that exceed \$100,000 in value, so SB 2049 would not eliminate oversight on projects between \$500,000 and \$5,000,000. This modification gives NDIT and project managers the ability to use updated monitoring techniques without unnecessary layers of bureaucracy based on the projects scope and size.

When ESCs are needed, the committee composition has been modified to give more discretion to the CIO when selecting members and aligning oversight analysts with individual projects. Under current law, the project owner chairs each ESC. Creating flexibility in this structure allows ESCs to share committee members across multiple projects so they can develop expertise and enterprise familiarity, instead of solely looking at projects within their silo.

SB 2049 was developed and amended with consultation of the Governor's office, Office of the Attorney General, OMB, and existing stakeholders. North Dakota University System retains their own definition of major IT projects, and due to the complexity of their system, number of CIOs across campuses, and use of ESCs for project managers and oversight analysts to gain experience, they requested to retain the current definition as of our last discussion.