2025 SENATE STATE AND LOCAL GOVERNMENT

SB 2049

2025 SENATE STANDING COMMITTEE MINUTES

State and Local Government Committee
Room JW216, State Capitol

SB 2049
1/9/2025

Relating to executive steering committees of major information technology projects.

10:17 a.m. Chair Roers called the meeting to order.

Members Present: Chair Roers; Vice Chair Castaneda; Senators: Barta, Braunberger, Lee and Walen.

Discussion Topics:

- Steering Committee member increase

10:17 a.m. Greg Hoffman, testified in favor with testimony #28816.

10:24 a.m. Chair Roers closed the hearing.

Susan Helbling, Committee Clerk

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January 9, 2025

Senate State and Local Government Committee
Honorable Kristen Roers, Chair
North Dakota State Capitol, Judicial Wing #216

RE: SB 2049 – Support Testimony presented by Greg Hoffman, Deputy CIO

Good morning, Madam Chair and members of the State and Local Government Committee, my name is Greg Hoffman. I am the Deputy CIO for the state's IT department. I am here today to introduce what can be considered as an agency cleanup bill, proposing a minor change to NDCC 54-59-32 pertaining to the creation of an Executive Steering Committee required for major IT projects. This section of code was created by SB 2034 proposed by Legislative Management to the 63rd Legislative Assembly. It has remained unchanged since enactment.

SB 2049 is a request to increase the members of the Executive Steering Committee providing governance to major IT projects from five to seven. The current structure of the five Committee members is CIO (or designee), Agency Head (or designee), OMB Director (or designee), Project Sponsor and Project Management Oversight.

The responsibility of the Committee is to monitor the overall status of the project and review project decisions, including negotiation and execution of contracts, approval of project budgets, implementation of project schedules, assessment of project quality, and consideration of scope changes.

The challenge with five members occurs when project operational conversations need to happen involving an agency and ITD. A forum occurs with three Committee members in a meeting, triggering the requirement to hold a formal ESC meeting. This formal meeting is not needed, however to avoid the unnecessary ESC meeting, not all desired meeting participants are included. This can trigger additional meetings to update participants intentionally left out.

Increasing the Committee to seven members would resolve this issue. The increase in Committee members allows for additional expertise that can be beneficial in meeting the responsibilities of the Committee.

In light of the conversation we just had around the creation of the statewide IT plan, and understanding that a number of projects from the IT plan would become major IT projects with ESC's, it may be in our best interest to handle these bills at the same time.

Thank you, this completes my testimony on SB 2049.

2025 SENATE STANDING COMMITTEE MINUTES

State and Local Government Committee
Peace Garden Room, State Capitol

SB 2049
1/31/2025

Relating to executive steering committees of major information technology projects.

9:04 a.m. Chair Roers called the meeting to order.

Members Present: Chair Roers; Vice Chair Castaneda; Senators: Barta, Braunberger, Lee and Walen.

Discussion Topics:

- Oversight recommendations
- Language change

9:00 a.m. Corey Mock, CIO, ND Information Technology, testified in favor and submitted testimony #33229.

9:23 a.m. Senator Barta moved Amendment #LC 25.8019.01002.

9:23 a.m. Senator Braunberger seconded the motion.

Senators	Vote
Senator Kristin Roers	Y
Senator Jose L. Castaneda	Y
Senator Jeff Barta	Y
Senator Ryan Braunberger	Y
Senator Judy Lee	Y
Senator Chuck Walen	Y

Motion Passed 6-0-0

9:24 a.m. Senator Barta moved a Do Pass as amended.

9:24 a.m. Senator Braunberger seconded the motion.

Senators	Vote
Senator Kristin Roers	Y
Senator Jose L. Castaneda	Y
Senator Jeff Barta	Y
Senator Ryan Braunberger	Y
Senator Judy Lee	Y
Senator Chuck Walen	Y

Motion Passed 6-0-0

Senator Braunberger will carry the bill.

9:30 a.m. Chair Roers closed the hearing.

Susan Helbling, Committee Clerk

25.8019.01002
Title.02000

Adopted by the State and Local Government Committee
January 31, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

JB 1-31-25

1085

SENATE BILL NO. 2049

Introduced by

State and Local Government Committee

(At the request of the Information Technology Department)

A BILL for an Act to amend and reenact sections 54-35-15.2, 54-59-01, subsection 8 of section 54-59-05, and section 54-59-32 of the North Dakota Century Code, relating to executive steering committees of major information technology projects.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 54-35-15.2 of the North Dakota Century Code is amended and reenacted as follows:

54-35-15.2. Information technology committee - Powers and duties.

The information technology committee has continuing existence and may meet and conduct its business during the legislative session and in the interim between sessions. The committee shall:

1. Meet at least once each calendar quarter.
2. Receive a report from the chief information officer of the state at each meeting.
3. Review the business plan of the information technology department.
4. Review macro-level issues relating to information technology.
5. Review the activities of the information technology department.
6. Review statewide information technology standards.
7. Review the statewide information technology plan.
8. Review information technology efficiency and security.
9. Review established or proposed information technology programs and information technology acquisition by the executive and judicial branches.

10. Except as provided in subsection 11, receive and review information, including a project startup report summarizing the project description, project objectives, business need or problem, cost-benefit analysis, and project risks and a project closeout report summarizing the project objectives achieved, project budget and schedule variances, and lessons learned, from the information technology department and the affected agency regarding any major information technology project of an executive branch agency. For the purposes of this subsection, a major project is ~~a~~an information technology project ~~with a total cost of five hundred thousand dollars~~that meets one or more of the following criteria, as determined by the chief information officer:
    a. An estimated total cost, as defined by the information technology department, of five million dollars or more;
    b. Requires one year or longer to reach operational status; or
    c. Requires oversight due to its potential benefits, risks, public impact, visibility, or another significant reason.
11. a. Receive and review information, including a project startup report summarizing the project description, project objectives, business need or problem, cost-benefit analysis, and project risks and a project closeout report summarizing the project objectives achieved, project budget and schedule variances, and lessons learned, from the state board of higher education regarding any major project of the state board of higher education or any institution under the control of the state board of higher education if the project:
        (1) Significantly impacts the statewide wide area network, including the campus access routers;
        (2) Impacts the statewide library system; or
        (3) Is an administrative project. An administrative project is a project that directly collects, aggregates, modifies, stores, or reports institutional student, financial, or human resources records or data and is provided primarily for administrative purposes.
    b. For the purposes of this subsection, a major project is a project with a total cost of five hundred thousand dollars or more.

12. Receive and review information from the information technology department and the affected agency regarding any information technology project of an executive branch agency with a total cost of between one hundred thousand and five ~~hundred thousand~~million dollars as determined necessary by the information technology department.
13. Receive a report from the chief information officer before October first of each even-numbered year regarding proposed major information technology projects and other information technology issues for the next biennium.
14. Receive and review information, including a project startup report summarizing the project description, project objectives, business need or problem, cost-benefit analysis, and project risks and a project closeout report summarizing the project objectives achieved, project budget and schedule variances, and lessons learned, from the affected legislative or judicial branch agency regarding any information technology project of the legislative or judicial branch with a total cost of five ~~hundred thousand~~million dollars or more.
15. Receive information from the state board of higher education regarding higher education information technology planning, services, and major projects.

SECTION 2. AMENDMENT. Section 54-59-01 of the North Dakota Century Code is amended and reenacted as follows:

54-59-01. Definitions.

As used in this chapter:

1. "Agency" or "entity" does not include any agricultural commodity promotion group or any occupational or professional board.
2. "Cybersecurity" means processes or capabilities, wherein, systems, communications, and information are protected and defended against damage, unauthorized use or modification, and exploitation.
3. "Cybersecurity strategy" means a vision, plan of action, or guiding principles. Unless otherwise defined in this chapter, the term does not mean an associated operational plan.
4. "Department" means the information technology department.

5. "Information technology" means the use of hardware, software, services, and supporting infrastructure to manage and deliver information using voice, data, and video.

6. "Major information technology project" means a project that meets one or more of the following criteria, as determined by the chief information officer:

a. An estimated total cost, as defined by the department, of five million dollars or more;

b. Requires one year or longer to reach operational status; or

c. Requires oversight due to its potential benefits, risks, public impact, visibility, or other significant reason.

7. "Network services" means the equipment, software, and services necessary to transmit voice, data, or video.

SECTION 3. AMENDMENT. Subsection 8 of section 54-59-05 of the North Dakota Century Code is amended and reenacted as follows:

8. May request and review information regarding any information technology project of an executive branch agency with a total cost of between one hundred thousand and five ~~hundred thousand~~million dollars as determined necessary by the department. The department shall present the information to the information technology committee on request of the committee.

SECTION 4. AMENDMENT. Section 54-59-32 of the North Dakota Century Code is amended and reenacted as follows:

54-59-32. Major information technology projects - ~~Appointment of executive steering committees~~Oversight.

1. An executive branch state agency, excluding institutions under the control of the state board of higher education, proposing to conduct a major information technology project ~~as described in subsection 10 of section 54-35-15.2~~, the department, and the office of management and budget, in consultation with the attorney general, shall collaborate on the procurement, contract negotiation, and contract administration of the project. The agency, the department, and the office of management and budget, in consultation with the attorney general, shall approve the solicitation, contract, or

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agreement, and any amendments relating to the project before submission to the ~~executive steering~~oversight committee as provided in subsection 3.

2. The procurement officer and primary project manager for a major information technology project must meet the qualifications established by the department and the office of management and budget.

3. An ~~executive steering~~oversight committee must be appointed to oversee ~~each~~a major information technology project. The ~~agency project sponsor~~chief information officer shall ~~serve as~~appoint a chairman of the committee. The ~~executive steering~~oversight committee ~~must consist of~~may include the director of the office of management and budget or a designee of the director, the chief information officer or a designee of the officer, ~~a representative appointed by the chief information officer,~~ the head of the agency contracting for the project or a designee, ~~a representative appointed by the head of the agency contracting for the project,~~ the project sponsor, and a large project oversight analyst designated by the chief information officer. The ~~executive steering~~oversight committee shall monitor the overall status of the project and ~~review~~make recommendations to the head of the agency contracting for the project or a designee, and the project sponsor, regarding project decisions, ~~including~~ negotiation and execution of contracts, approval of project budgets, implementation of project schedules, assessment of project quality, and consideration of scope changes. ~~Any project decision declared by a member of the committee to be a major project decision requires at least four affirmative votes.~~

4. An agreement or contract, including an amendment, revision, or scope change, for a major information technology project may not be entered unless signed by the head of the contracting agency or a designee and the chief information officer or a designee of the officer.

REPORT OF STANDING COMMITTEE
SB 2049

State and Local Government Committee (Sen. Roers, Chairman) recommends **AMENDMENTS (25.8019.01002)** and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2049 was placed on the Sixth order on the calendar. This bill does not affect workforce development.

25.8019.01002

Sixty-ninth
Legislative Assembly of North Dakota
Introduced by

PROPOSED AMENDMENTS TO

SENATE BILL NO. 2049

State and Local Government Committee

(At the request of the Information Technology Department)

A BILL for an Act to amend and reenact section 54-35-15.2, subsection 8 of section 54-59-05, section 54-59-01, and section 54-59-32 of the North Dakota Century Code, relating to executive steering committees of major information technology projects.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Section 54-35-15.2 of the North Dakota Century Code is amended and reenacted as follows:

54-35-15.2. Information technology committee – Powers and duties.

The information technology committee has continuing existence and may meet and conduct its business during the legislative session and in the interim between sessions. The committee shall:

1. Meet at least once each calendar quarter.
2. Receive a report from the chief information officer of the state at each meeting.
3. Review the business plan of the information technology department.
4. Review macro-level issues relating to information technology.
5. Review the activities of the information technology department.
6. Review statewide information technology standards.
7. Review the statewide information technology plan.
8. Review information technology efficiency and security.
9. Review established or proposed information technology programs and information technology acquisition by the executive and judicial branches.
10. Except as provided in subsection 11, receive and review information,

including a project startup report summarizing the project description, project objectives, business need or problem, cost-benefit analysis, and project risks and a project closeout report summarizing the project objectives achieved, project budget and schedule variances, and lessons learned, from the information technology department and the affected agency regarding any major information technology project of an executive branch agency. For the purposes of this subsection, a major project is ~~a project with a total cost of five hundred thousand dollars or more.~~an information technology project that meets one or more of the following criteria, as determined by the chief information officer:

a. Has an estimated total cost, as defined by the information technology department, of five million dollars or more; or

b. Requires one year or longer to reach operational status; or

c. Requires oversight due to its potential benefits, risks, public impact, visibility, or other significant reason.

11. a. Receive and review information, including a project startup report summarizing the project description, project objectives, business need or problem, cost-benefit analysis, and project risks and a project closeout report summarizing the project objectives achieved, project budget and schedule variances, and lessons learned, from the state board of higher education regarding any major project of the state board of higher education or any institution under the control of the state board of higher education if the project:

(1) Significantly impacts the statewide wide area network, including the campus access routers;

(2) Impacts the statewide library system; or

(3) Is an administrative project. An administrative project is a project that directly collects, aggregates, modifies, stores, or reports institutional student, financial, or human resources records or data and is provided primarily for administrative purposes.

b. For the purposes of this subsection, a major project is a project with a-

total cost of five hundred thousand dollars or more.

12. Receive and review information from the information technology department and the affected agency regarding any information technology project of an executive branch agency with a total cost of between one hundred thousand and five ~~hundred thousand~~million dollars as determined necessary by the information technology department.
13. Receive a report from the chief information officer before October first of each even-numbered year regarding proposed major information technology projects and other information technology issues for the next biennium.
14. Receive and review information, including a project startup report summarizing the project description, project objectives, business need or problem, cost-benefit analysis, and project risks and a project closeout report summarizing the project objectives achieved, project budget and schedule variances, and lessons learned, from the affected legislative or judicial branch agency regarding any information technology project of the legislative or judicial branch with a total cost of five ~~hundred thousand~~million dollars or more.
15. Receive information from the state board of higher education regarding higher education information technology planning, services, and major projects.

SECTION 2. AMENDMENT. Subsection 8 of section 54-59-05 of the North Dakota Century Code is amended and reenacted as follows:

54-59-05. Powers and duties of department.

8. May request and review information regarding any information technology project of an executive branch agency with a total cost of between one hundred thousand and five ~~hundred thousand~~million dollars as determined necessary by the department. The department shall present the information to the information technology committee on request of the committee.

SECTION 3. AMENDMENT. Section 54-59-01 of the North Dakota Century Code is amended and reenacted as follows:

54-59-01. Definitions.

7. "Major information technology project" means a project that meets one or more of the following criteria, as determined by the chief information officer:
   a. Has an estimated total cost, as defined by the department, of five million dollars or more; or
   b. Requires one year or longer to reach operational status; or
   c. Requires oversight due to its potential benefits, risks, public impact, visibility, or other significant reason.

SECTION 4. AMENDMENT. Section 54-59-32 of the North Dakota Century Code is amended and reenacted as follows:

54-59-32. Major information technology projects - ~~Appointment of executive steering committees~~Oversight.

1. An executive branch state agency, excluding institutions under the control of the state board of higher education, proposing to conduct a major information technology project ~~as described in subsection 10 of section 54-35-15.2~~, the department, and the office of management and budget, in consultation with the attorney general, shall collaborate on the procurement, contract negotiation, and contract administration of the project. The agency, the department, and the office of management and budget, in consultation with the attorney general, shall approve the solicitation, contract, or agreement, and any amendments relating to the project before submission to the ~~executive steering~~oversight committee as provided in subsection 3.
2. The procurement officer and primary project manager for a major information technology project must meet the qualifications established by the department and the office of management and budget.
3. An ~~executive steering~~oversight committee must be appointed to oversee ~~each~~a major information technology project. The ~~agency project~~

~~sponsor~~chief information officer shall ~~serve as~~appoint a chairman of the committee. The ~~executive steering~~oversight committee ~~must consist of~~may include the director of the office of management and budget or a designee of the director, the chief information officer or a designee of the officer, ~~a representative appointed by the chief information officer,~~ the head of the agency contracting for the project or a designee, ~~a representative appointed by the head of the agency contracting for the project,~~ the project sponsor, and a large project oversight analyst designated by the chief information officer. The ~~executive steering~~oversight committee shall monitor the overall status of the project ~~and review~~and make recommendations to the head of the agency contracting for the project or a designee, and the project sponsor, regarding project decisions, ~~including~~ negotiation and execution of contracts, approval of project budgets, implementation of project schedules, assessment of project quality, and consideration of scope changes. ~~Any project decision declared by a member of the committee to be a major project decision requires at least four affirmative votes.~~

4. An agreement or contract, including an amendment, revision, or scope change, for a major information technology project may not be entered unless signed by the head of the contracting agency or a designee and the chief information officer or a designee of the officer.

2025 HOUSE GOVERNMENT AND VETERANS AFFAIRS

SB 2049

2025 HOUSE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee
Pioneer Room, State Capitol

SB 2049
3/6/2025

Relating to executive steering committees of major information technology projects.

10:00 a.m. Chairman Schauer opened the hearing.

Members present: Chairman Schauer, Vice Chairman Satrom, Representatives Bahl, Brown, Grindberg, Karls, McLeod, Rohr, Schneider, Steiner, VanWinkle, Vetter, Wolff

Discussion Topics:

- Cleanup language
- Definitions for major IT projects

10:00 a.m. Corey Mock, North Dakota Chief Information Officer, testified in favor and submitted testimony, #39226.

10:34 a.m. Sherry Neas, Chief Procurement Officer of the Office of Management and Budget, testified in favor.

10:41 a.m. Chairman Schauer closed the hearing.

Jackson Toman, Committee Clerk

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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 analysists to gain experience, they requested to retain the current definition as of our last discussion.

2025 HOUSE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee
Pioneer Room, State Capitol

SB 2049
3/20/2025

Relating to executive steering committees of major information technology projects.

10:09 a.m. Chairman Schauer opened the meeting.

Members present: Chairman Schauer, Representatives Bahl, Brown, Grindberg, Karls, McLeod, Rohr, Schneider, Steiner, VanWinkle, Vetter, Wolff
Members absent: Vice Chairman Satrom

Discussion Topics:

- Committee action

10:10 a.m. Representative Steiner moved a Do Pass.

10:11 a.m. Representative Bahl seconded the motion.

Representatives	Vote
Representative Austen Schauer	Y
Representative Bernie Satrom	AB
Representative Landon Bahl	Y
Representative Collette Brown	Y
Representative Timothy Brown	Y
Representative Karen Grindberg	Y
Representative Karen Karls	Y
Representative Carrie McLeod	Y
Representative Karen M. Rohr	Y
Representative Mary Schneider	Y
Representative Vicky Steiner	Y
Representative Lori VanWinkle	Y
Representative Steve Vetter	Y
Representative Christina Wolff	Y

10:12 a.m. Motion passed 13-0-1.

Representative C. Brown will carry the bill.

10:13 a.m. Chairman Schauer closed the meeting.

Jackson Toman, Committee Clerk

REPORT OF STANDING COMMITTEE
ENGROSSED SB 2049 (25.8019.02000)

Government and Veterans Affairs Committee (Rep. Schauer, Chairman) recommends **DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT OR EXCUSED AND NOT VOTING). SB 2049 was placed on the Fourteenth order on the calendar.