



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

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Director
AMY CARLSON

DATE: March 6, 2012

TO: Legislative Finance Committee Members

FROM: Kris Wilkinson, Fiscal Analyst II

RE: Criteria for Placement on the IT Project Portfolio Listing

The Legislative Finance Committee (LFC) asked the staff to work with the State Information Technology and Services Division (SITSD) to create criteria for the IT project portfolio to ensure that the report adequately captures IT development within state government. The previous criteria for placement on the IT project portfolio listing were that projects exceeded \$400,000 and were funded with capital appropriations or were of legislative interest. The following issues with the previous criteria were identified:

- o Criteria do not capture sizeable investments being made in IT within base budgets
- o Difficulties in defining “impact to the citizenry as criteria” in determining which systems to add to the list when the risk to the public is perceived as greater than the cost to the system. The example used in the report was that if a low-cost change to an eligibility system such as the SNAP (food stamps) program is not completed correctly, it could impact the ability of the state to issue or re-load electronic benefit cards making it difficult for low-income families to purchase food
- o Investment is defined in terms of the cost to design, develop and implement a system; it does not contain any post implementation operational costs. The cost to operate a system is funded within an agency’s budget

To address the concerns the Legislative Fiscal Division (LFD) and the SITSD developed the following criteria for placement on the IT project portfolio listing. The recommendation to the LFC is that if a project meets any one of these criteria, it will be included on the LFC IT project portfolio report:

- o Project estimate is at least \$500,000 for development. Development costs include costs for internal staff, vendor contracts, equipment and software
- o Project is included in the bill that provides resources for long-range IT
- o Project is potentially of enterprise interest or need. For example, document imaging systems have been implemented by a number of agencies with a cost of less than \$500,000, however statewide the investment in the technology could be considered significant
- o Request from the LFC to include the project on the report. To address concerns with impact to the citizenry, LFD staff will review IT strategic plans for smaller projects that

pose potential risks to the public. Staff would bring forward those projects with potential risks to the Legislative Finance Committee for discussion and potential placement on the IT project portfolio listing

To address concerns with the definition of the investment in IT projects the LFD recommends that the LFD, SITSD, and the Office of Budget and Program Planning develop a format for funding requests for IT projects that include operating costs.