

GOVERNANCE

# Government IT: A case study on Idaho's LUMA project

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## Introduction

In 2023, the State of Idaho launched an ambitious technological overhaul with LUMA, a comprehensive, cloud-based system designed to centralize and automate essential functions across state agencies. Approved with a budget of \$117 million, LUMA was intended to replace outdated systems from the 1980s that no longer met Idaho's needs for modern governance, security, and efficiency.<sup>1</sup> The project implementation itself cost \$93 million, coming in under the projected \$102 million outlined in a system modernization study. By consolidating payroll, finance, human resources, budgeting, and procurement processes into one unified platform, the Idaho State Controller's office aimed to create a streamlined system that would improve transparency, enhance data security, and facilitate more efficient operations across its 86 state agencies.

Despite its potential, LUMA's rollout has faced significant challenges.<sup>2</sup> The system has been met with user frustration, operational disruptions, and complex adjustments to daily workflows. Recently, audits revealed high rates of data validation and security failures, and employee surveys indicated widespread dissatisfaction. Many users report that tasks now require more time and additional steps, with some employees resorting to workarounds outside the LUMA platform to complete their responsibilities. The Idaho Office of Performance Evaluation, tasked with assessing the system's functionality, found that only a small percentage of employees believe LUMA has improved efficiency, with most users reporting increased complexity and difficulty in daily tasks.<sup>3</sup>

These challenges are not unique to Idaho. Large-scale IT transitions in government face unique pressures, including the need for broad stakeholder buy-in, rigorous data security, and continuity across varied departments. A U.S. General Services Administration report notes a study by The Standish Group, found that as few as 13% of such projects succeed, often due to outdated procurement practices, lack of change management, and insufficient employee training.<sup>4</sup>

<sup>1</sup> "The Luma Project," State of Idaho Controller's Office, accessed on December 19, 2024, available at <https://transparencyresources.idaho.gov/Pages/Luma-Mod1-Home.aspx>

<sup>2</sup> "Speaker of the Idaho House says new \$120 million business system Luma doesn't work," Idaho Capital Sun, November 2, 2023, available at <https://idahocapitalsun.com/2023/11/02/speaker-of-the-idaho-house-says-new-120-million-business-system-luma-doesnt-work/>

<sup>3</sup> "LUMA: Evaluation of the Selection, Planning, and Implementation of the State's Enterprise Resource Planning System," Idaho Office of Performance Evaluations, October 2024, available at <https://legislature.idaho.gov/wp-content/uploads/OPF/Reports/r2403.pdf>

<sup>4</sup> "Announcing the State Software Budgeting Handbook," 18F, August 5, 2019, available at <https://18f.gsa.gov/2019/08/05/budgeting-handbook/>

## KEY INFORMATION COLUMN

*Many of the state's software programs operated on outdated processes that were difficult to integrate with newer applications and modern systems.*

This study focuses on the gap between LUMA's initial goals and its current functionality, and what states can do moving forward with future IT implementations. Through a review of Idaho's LUMA's design, implementation process, and the experiences of its users, the study aims to provide insights and actionable recommendations for improving the LUMA system and guiding future large-scale IT projects. Idaho's experience offers valuable and necessary lessons on the importance of phased rollouts, comprehensive training, proactive oversight, and user-centered design. With these lessons, we can reduce risk and increase the chances of success in government technology projects.

### **Background: The Need for Change and the Push for LUMA**

Idaho faced a multitude of challenges with its legacy administrative systems, which included outdated software from the late 1980s to manage payroll, financial data, human resources, and other essential state functions. These systems, known as STARS and EIS,<sup>5</sup> had served the state for decades, but were no longer capable of supporting Idaho's growing technological needs or ensuring data security. Many of the state's software programs operated on outdated processes that were difficult to integrate with newer applications and modern systems. As Idaho's operations became more complex, it became clear that relying on aging infrastructure was increasingly risky and the original systems were beginning to be older than even most senior staffers in Idaho's implementing departments.

Idaho's decision to pursue an overhaul of its administrative systems was part of a larger trend seen across many states and municipalities, where governments are shifting from decentralized, antiquated systems to unified, cloud-based ERP (Enterprise Resource Planning) solutions.<sup>6</sup> This shift is largely motivated by the demand for greater transparency, efficiency, and accessibility. Idaho's 86 state agencies were each managing their administrative processes independently, leading to inconsistencies in reporting and budgeting.<sup>7</sup>

For example, each agency had its own method for payroll submissions, procurement requests, and budgeting, which created data discrepancies and inefficiencies. The independent control of these systems made it difficult to track spending, identify cost-saving opportunities, or ensure compliance with state standards. Idaho's legislative and executive leaders recognized the need for a cohesive system that would standardize these processes, allow for real-time data access through the cloud-based systems, and strengthen the state's overall operational efficiency.

In 2018, Idaho's legislature approved the LUMA project, allocating a projected \$117 million to design and implement a comprehensive ERP system, as well as create a "go-live sustainment."<sup>8</sup> With the backing of Governor Brad Little, Idaho State Controller

<sup>5</sup> "Payroll Labor Distribution Overview," Idaho State Controller's Office, accessed on December 19, 2024, available at <https://transparencyresources.idaho.gov/Pages/STARS-Payroll-Labor-Distribution-Overview.aspx>

<sup>6</sup> "Governments often struggle with massive new IT projects — including Idaho's Luma system," Idaho Capital Sun, September 2, 2024, available at <https://idahocapitalsun.com/2024/09/02/governments-often-struggle-with-massive-new-it-projects-including-idahos-luma-project/>

<sup>7</sup> "About Luma," Idaho State Controller's Office, accessed on December 19, 2024, available at <https://www.sco.idaho.gov/LivePages/Luma-about.aspx>

<sup>8</sup> "Idaho House Bill 493, Idaho 2018 Legislative Session, available at <https://legislature.idaho.gov/sessioninfo/2018/legislation/H0493/>

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*The urgency to implement LUMA grew in response to Idaho's evolving fiscal needs and a push for technological modernization across the government.*

*By streamlining workflows, LUMA reduces inconsistencies, ensures more consistent data collection, and simplifies reporting.*

Brandon Woolf, and other state leaders, the LUMA system was introduced as the solution that would “modernize and transform” Idaho’s government operations. The system promised to consolidate finance, HR, payroll, budgeting, and procurement functions into a single platform, allowing for consistent data reporting and seamless interdepartmental communication.

The urgency to implement LUMA grew in response to Idaho’s evolving fiscal needs and a push for technological modernization across the government. State leaders emphasized that a unified ERP system would help Idaho better manage taxpayer funds, track expenditures, and forecast budgets.

### **The Benefits of LUMA: Current and Anticipated**

Despite the challenges Idaho’s LUMA system has faced since its rollout, it offers several key benefits, some already realized, and others anticipated as the system becomes more refined. Designed to modernize Idaho’s administrative infrastructure, LUMA’s potential spans increased efficiency, enhanced data security, and greater transparency. Below is an overview of the current and projected benefits of LUMA.

#### Enhanced Security and Risk Mitigation

One of the primary reasons behind LUMA’s implementation was to address the security risks inherent in Idaho’s antiquated systems, which were more than 30 years old. These outdated systems lacked modern security protocols, making them vulnerable to cyberattacks and data breaches.

Now, LUMA’s cloud-based infrastructure introduces enhanced security measures, including advanced encryption and two-factor authentication, which help protect sensitive data and reduce the risk of breaches. Additionally, the cloud environment minimizes the risk of data loss due to physical infrastructure failures, such as hardware malfunctions or natural disasters, by decentralizing data storage.<sup>9</sup>

#### Standardization Across Agencies

Prior to LUMA, Idaho’s 86 state agencies operated independently, each with its own processes for payroll, procurement, and financial management. This patchwork of systems resulted in inconsistencies and made cross-departmental coordination challenging. LUMA consolidates these processes, enforcing standard procedures across all agencies.

By streamlining workflows, LUMA reduces inconsistencies, ensures more consistent data collection, and simplifies reporting. This standardization is essential for creating reliable records and improving accountability across agencies, both state-wide and inter-departmentally. With all departments operating under the same system, Idaho can now produce standardized reports that allow for easier comparisons and more

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<sup>9</sup> “Frequently asked questions about Luma,” Idaho State Controller’s Office, accessed on December 19, 2024, available at <https://transparencyresources.idaho.gov/Pages/luma-frequently-asked-questions.aspx>

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*LUMA replaces the former STARS and EIS systems, eliminating the need for duplicate software and reducing the state's dependency on outdated programming languages.*

cohesive budgeting, something that usually causes legislative delays in Idaho's JFAC committee.<sup>10</sup>

### Increased Transparency and Accountability

One of the main focal points for Mountain States Policy Center is LUMA's promise to improve transparency by providing real-time access to financial and operational data. With a unified platform, Idaho's leaders, legislators, and the public can access a more accurate picture of state spending, enabling them to make informed decisions based on comprehensive data.

The system's transparency benefits have already been seen in its ability to provide clearer budget forecasting, improved expense tracking, and more accurate reporting on state finances. This transparency helps hold government agencies accountable and supports better fiscal management across the state.

### Administrative Efficiencies and Elimination of Duplicated Systems

LUMA replaces the former STARS and EIS systems, eliminating the need for duplicate software and reducing the state's dependency on outdated programming languages. This consolidation lowers maintenance costs and reduces the time and resources previously spent managing multiple systems.<sup>11</sup>

Finally, LUMA's integration of multiple functions within one system is a step toward creating a centralized, easily navigable platform. Although current workflows are still being adjusted, the long-term goal is to streamline agency operations, allowing employees to complete tasks within a single, cohesive platform.

Here are some of the future anticipated benefits.

### Greater Data Accuracy and Validation

As ongoing issues with data validation are resolved, LUMA is expected to provide more accurate data that state agencies can rely on. Accurate financial data is critical for budget planning and resource allocation. Once the system's data validation processes are fine-tuned, Idaho's agencies will have more confidence in the data they use to make decisions.

Accurate and validated data will also reduce the need for manual checks and workarounds, further enhancing operational efficiency and reducing the likelihood of errors in financial reporting.<sup>12</sup>

### Improved Budget Planning and Forecasting

<sup>10</sup> "Idaho Legislature's budget committee finally sets \$5.9 billion revenue target," Idaho Capital Sun, March 6, 2024, available at <https://idahocapitalsun.com/2024/03/06/idaho-legislatures-budget-committee-finally-sets-5-9-billion-revenue-target/>

<sup>11</sup> "Frequently asked questions about Luma," Idaho State Controller's Office, accessed on December 19, 2024, available at <https://transparencyresources.idaho.gov/Pages/luma-frequently-asked-questions.aspx>

<sup>12</sup> "Transitioning to Luma," Idaho State Controller's Office, accessed on December 19, 2024, available at <https://transparencyresources.idaho.gov/Pages/Luma-transitioning-to-luma.aspx#anc7>

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*Future optimizations to LUMA’s design and functionality, along with continuous feedback from users, will further enhance usability and decrease the time it takes to complete routine tasks.*

With its capacity for real-time data access and standardized financial tracking, LUMA offers the potential to enhance Idaho’s budget planning and forecasting. By analyzing spending trends and revenue collections in real time, Idaho’s government can make better-informed projections for future budgets and respond more quickly to changes in financial circumstances.

This capacity for predictive analysis is especially valuable for legislators and budget officials, who rely on accurate projections to allocate resources effectively and address the state’s needs.

### Long-Term Cost Savings

While the initial investment in LUMA was substantial, consolidating multiple outdated systems into one ERP platform is anticipated to yield cost savings over time. By reducing the need for ongoing maintenance of legacy systems and streamlining processes, LUMA will lower operating costs in the long term.<sup>13</sup>

Additionally, by minimizing redundancies and promoting more efficient workflows, LUMA is expected to reduce administrative overhead, allowing Idaho to allocate resources more effectively across state agencies.

### Enhanced User Experience Through Future Optimizations and AI Integration

The Idaho State Controller’s Office has announced plans to incorporate artificial intelligence tools to automate routine tasks within LUMA, which should improve user experience by reducing manual labor and speeding up processes like report generation.<sup>14</sup> This update is expected to enhance efficiency and allow employees to focus on more strategic and value-added tasks.<sup>15</sup>

Future optimizations to LUMA’s design and functionality, along with continuous feedback from users, will further enhance usability and decrease the time it takes to complete routine tasks. As employees grow accustomed to the system and its updates, it is anticipated that task completion times will improve, aligning with Luma’s original goal of improving efficiency.

### Better Interagency Collaboration and Communication

By providing a single, unified platform across all agencies, LUMA fosters improved interagency communication and collaboration. When agencies can access shared data and operate within a standardized system, they can work together more seamlessly to address complex issues and respond to state priorities.

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<sup>13</sup> “LUMA: Evaluation of the Selection, Planning, and Implementation of the State’s Enterprise Resource Planning System,” Idaho Office of Performance Evaluations, October 2024, available at <https://legislature.idaho.gov/wp-content/uploads/OPE/Reports/r2403.pdf>

<sup>14</sup> “State employees say Idaho’s Luma business system is still time consuming and unreliable,” Idaho Capital Sun, November 12, 2024, available at <https://idahocapitalsun.com/2024/11/12/state-employees-say-idahos-luma-business-system-is-still-time-consuming-and-unreliable/>

<sup>15</sup> “Luma Phase 1: Budget, Finance and Procurement Module Implementation,” Idaho State Controller’s Office, accessed on December 19, 2024, available at <https://www.sco.idaho.gov/LivePages/luma-phase1-landing.aspx>

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*One of the most immediate and pressing challenges of the LUMA system has been its impact on daily workflows for state employees.*

This system-wide connectivity is expected to make interdepartmental projects smoother, enhance communication around budgetary and operational needs, and promote a more cohesive approach to addressing statewide challenges.

With its integrated structure, robust security measures, and focus on data transparency, LUMA offers Idaho the foundation for a modernized and resilient government infrastructure. However, realizing the full scope of these benefits will depend on Idaho's ability to address the system's current shortcomings and continue refining LUMA to meet the needs of its users. With ongoing improvements, training, and a commitment to user-centered design, LUMA could eventually deliver the operational efficiencies, transparency, and security that Idaho sought from this ambitious project.

### **The four major challenges of LUMA**

Since its launch in July 2023, Idaho's LUMA system has encountered significant challenges, creating operational inefficiencies, user dissatisfaction, and complications in achieving the system's original goals. Despite the \$117 million investment and strong backing from state leadership, LUMA's transition has been rocky, revealing critical shortcomings in planning, training, and system functionality.<sup>16</sup>

Here are some of the significant challenges LUMA currently faces.

#### Operational Inefficiencies and Increased Complexity

One of the most immediate and pressing challenges of the LUMA system has been its impact on daily workflows for state employees. Surveys and feedback from state agencies reveal that, far from streamlining processes, LUMA has made many tasks more time-consuming. A survey by Idaho's Office of Performance Evaluation (OPE) found that only 8% of employees believe LUMA has saved them time. In contrast, 76% of surveyed employees stated that it now takes longer to complete tasks, with many reporting that processes that once required only two to five steps in the legacy systems now demand five to ten steps in LUMA.<sup>17</sup> This additional complexity has hindered productivity and led some employees to use external workarounds, like Excel spreadsheets, to manage their tasks.

One of the most significant challenges of LUMA has been its failure in data validation and financial accuracy. For example, a recent report revealed that an employee failed to correctly categorize \$14.5 million in state funds that should have gone toward property tax cuts.<sup>18</sup> This mistake highlights the critical need for additional system training and a more robust data review processes. Errors like these not only undermine trust in the system but also have the potential of real financial consequences for taxpayers.

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<sup>16</sup> "State watchdog drops scathing report on \$117 million Idaho software rollout," Boise State Public Radio, November 8, 2024, available at <https://www.boisestatepublicradio.org/politics-government/2024-11-08/idaho-luma-rollout-report>

<sup>17</sup> "LUMA: Evaluation of the Selection, Planning, and Implementation of the State's Enterprise Resource Planning System," Idaho Office of Performance Evaluations, October 2024, available at <https://legislature.idaho.gov/wp-content/uploads/OPE/Reports/r2403.pdf>

<sup>18</sup> "Idaho's Luma system didn't catch \$14.5 million that should go to additional property tax cuts," Idaho Capital Sun, November 20, 2024, available at <https://idahocapitalsun.com/2024/11/20/idahos-luma-system-didnt-catch-14-5-million-that-should-gone-to-additional-property-tax-cuts/>

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*Audits by Baker Tilly revealed that LUMA failed 60% of the data and security controls tested, identifying 23 deficiencies in data validation and 37 in security protocols.*

The complexity of the system has been particularly challenging for employees who were not fully trained before the launch. Less than 50% of state employees had completed basic training by the go-live date, leaving many unprepared for the system's demands. This lack of preparation has translated into widespread frustration, errors, and delays in completing routine tasks, diminishing the intended benefits of an integrated system.

### Data Validation and Security Deficiencies

LUMA has also faced technical challenges, especially in terms of data validation and security. Audits by Baker Tilly revealed that LUMA failed 60% of the data and security controls tested, identifying 23 deficiencies in data validation and 37 in security protocols.<sup>19</sup>

The lack of formalized security policies and procedures has left the system vulnerable to inaccuracies and potential security risks. These issues raise concerns about the system's reliability in safeguarding sensitive data and ensuring accurate financial records.

Data validation deficiencies have led to financial discrepancies, including inaccurate balances and delays in generating key budget reports. In some instances, the state was unable to produce official comparative revenue reports for several months after the launch, preventing legislators and the public from verifying revenue collections and impacting budget planning processes. Additionally, significant errors such as duplicated payments, like the \$32 million double payment in Medicaid funds, highlight how these validation issues have translated into real financial consequences.<sup>20</sup>

April Renfro, Manager of Idaho Legislative Services Auditor Division, previewed for the Idaho Joint Finance and Appropriations Committee on November 19<sup>th</sup> her division's key findings, and noted:

*“What was identified by our auditors was that management had not consistently documented the error handling and resolution approach for all interfaces... there are 165 interfaces with luma, so this is a significant piece of activity that should be occurring to ensure errors don't happen and don't go uncorrected.”*

### User Adoption and Accessibility Challenges

Beyond technical flaws, LUMA has faced issues with user adoption, driven in part by its complexity and lack of user-friendly features. Feedback from employees reveals low confidence in the system's functionality, with many expressing dissatisfaction with LUMA's design and accessibility. Employees have noted that the system is unintuitive, with a steep learning curve that was exacerbated by insufficient training.<sup>21</sup> This has led

<sup>19</sup> “Legislative Audit Division,” Idaho State Legislature, available at <https://legislature.idaho.gov/iso/audit/acfr-icr/>

<sup>20</sup> “Luma Challenges prevent Idaho from distributing \$101 million in interest earnings,” Idaho Capital Sun, February 19, 2024, available at <https://idahocapitalsun.com/2024/02/19/luma-challenges-prevent-idaho-from-distributing-101-million-in-interest-earnings/>

<sup>21</sup> “State employees say Idaho's Luma business system is still time consuming and unreliable,” Idaho Capital Sun, November 12, 2024, available at <https://idahocapitalsun.com/2024/11/12/state-employees-say-idahos-luma-business-system-is-still-time-consuming-and-unreliable/>



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*Due to the unique requirements of each agency, user-reported issues are an expected and necessary part of the solution. The Idaho State Controller's Office has often relied on user-reported issues to identify and resolve system flaws.*

to low user adoption rates and a reliance on workarounds, further reducing the efficiency gains that LUMA was expected to provide.

Additionally, accessibility issues have posed barriers for some employees, particularly those with visual impairments, who have reported difficulties using the system effectively. These challenges raise concerns about the inclusivity of the platform and highlight the need for user-centered design in government IT projects. By failing to accommodate all users, LUMA has undermined its goal of creating a unified, streamlined system for Idaho's workforce.

### Reactive Approach to Problem-Solving and Oversight

Another significant challenge has been the reactive approach to addressing problems within LUMA. Due to the unique requirements of each agency, user-reported issues are an expected and necessary part of the solution. The Idaho State Controller's Office has often relied on user-reported issues to identify and resolve system flaws.

This approach has delayed problem resolution and left users with the burden of navigating issues that could have been mitigated through a more proactive oversight structure. As technology modernizes, and Artificial Intelligence advancements continue, we recommend the implementation of proactive monitoring practices and instruments.

### **Where These Challenges Leave Us**

The challenges LUMA has faced leave Idaho's state operations at a crossroads, with a critical need for strategic improvements to fulfill the system's intended purpose. The issues with Luma have strained state resources, increased employee workloads, and, in some cases, compromised data accuracy and security. Despite these challenges, Idaho remains committed to the system, recognizing that reversing course would be cost-prohibitive. Idaho State Controller, Brandon Woolf Stated in a Press Release on November 12<sup>th</sup>, 2024:

*"I extend my sincere gratitude to the Legislative Services Office (LSO) and OPE for their diligent and insightful review of the Luma project. We acknowledge the valuable recommendations, and understand there is more work to be done. While we knew this monumental shift would bring challenges, their findings affirm that we are on the right path—and we will continue our diligent efforts to improve."<sup>22</sup>*

The current issues require prompt action to ensure that LUMA can ultimately deliver on its promises of efficiency, transparency, and security.

The Idaho State Controller's Office has acknowledged the need for improvement and plans to implement updates, including artificial intelligence tools that could help

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<sup>22</sup> "This is the Right Path Forward": State Controller's Office Acknowledges Luma Recommendations and Champions Opportunities Ahead," Daily Fly, November 12, 2024, available at <https://dailyfly.com/this-is-the-right-path-forward-state-controllers-office-acknowledges-luma-recommendations-and-champions-opportunities-ahead/>

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*To realize LUMA’s full potential, Idaho must address these challenges through comprehensive training programs, regular audits, phased updates, and a proactive approach to identifying and resolving issues.*

automate certain processes. These updates, if effectively implemented, could enhance LUMA’s functionality and alleviate some of the system’s current inefficiencies. Additionally, the OPE’s ongoing evaluations and legislative scrutiny indicate that Idaho’s government is taking LUMA’s challenges seriously and is committed to finding solutions.

Moving forward, Idaho State Controller Brandon Woolf emphasized his commitment to improving the LUMA system. “The narrative that LUMA does not work is counterproductive and not accurate,” Woolf said. “LUMA is functional but it’s not perfect – it processes transactions, handles payments and ensures everyone gets paid.”<sup>23</sup> Woolf added that his top priority is improving reporting processes within LUMA while stressing that the system’s security benefits and standardization across agencies are already making a difference.

To realize LUMA’s full potential, Idaho must address these challenges through comprehensive training programs, regular audits, phased updates, and a proactive approach to identifying and resolving issues. LUMA’s experience underscores the importance of planning, preparation, and continuous oversight in government IT projects. Moving forward, the lessons learned from LUMA’s implementation will not only shape Idaho’s approach to IT modernization but also offer a roadmap for other states undertaking similar projects.

### **The Importance of Planning and Human Oversight**

The challenges encountered with Idaho’s LUMA system underscore a fundamental lesson in any current or future government IT projects: thorough planning in advance and robust human oversight are essential to the success of large-scale technology transformations. LUMA, which continues to promise streamlined operations and modernize Idaho’s administrative processes, has taught us the importance of adequate preparation/training and how insufficient oversight can impede the realization of a project’s goals, even with significant financial investments.

### The Need for Detailed Planning

The complexity of a system like LUMA requires a comprehensive approach to planning that accounts for the varied needs of all stakeholders, potential technical roadblocks, and the nuances of government operations. Proper planning involves defining clear project dates and objectives, setting realistic timelines, and ensuring that all components, such as data migration, user training, and system testing, are addressed before going live. LUMA’s “big splash” rollout approach, in which the entire system was implemented at once, may have contributed to the initial difficulties experienced by state employees. A phased approach, allowing for incremental adjustments and issue resolution, likely would have mitigated some of these challenges.

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<sup>23</sup> “Idaho State Controller’s Office says it may take 2-3 years before Luma system is optimized,” Idaho Capital Sun, November 23, 2024, available at <https://idahocapitalsun.com/2024/11/23/idaho-state-controllers-office-says-it-may-take-2-3-years-before-luma-system-is-optimized/>

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*LUMA's rollout highlighted a reactive approach to problem-solving, where issues were addressed only after users reported them. This approach caused delays in resolving critical issues.*

Thorough planning also includes the allocation of resources not just for the software itself but for associated costs, such as essential training and change management. In the case of LUMA, training was insufficient, with less than 50% of employees trained by the go-live date.<sup>24</sup> This lack of preparation left employees struggling to adapt to the new system, impacting productivity and causing operational disruptions. Planning for extensive, structured training programs is essential in ensuring that users feel confident and competent in using new technology from day one.

### The Role of Human Oversight

Human oversight is crucial for monitoring and adjusting a system's performance, identifying and resolving issues before they affect users, and ensuring that the system aligns with the state's operational needs. LUMA's rollout highlighted a reactive approach to problem-solving, where issues were addressed only after users reported them. This approach caused delays in resolving critical issues, such as payment errors and data validation discrepancies, which had immediate consequences for Idaho's budgeting and financial management.

Proactive oversight, ideally through a dedicated team, could have helped identify and address potential gaps in Luma's functionality before they became widespread. Regular audits, preemptive testing, and feedback loops allow project teams to assess how well the system is performing and to make adjustments that improve user experience and data reliability. Effective oversight also involves clear communication and accountability, ensuring that all stakeholders understand who is responsible for monitoring the system and implementing necessary changes.

### Lessons for Future Projects

The experience with LUMA highlights that implementing a new technology system is not a single event but an ongoing process. Successful transitions require flexible project planning, robust oversight, and continuous support. Moving forward, Idaho and other government entities can learn from this experience by prioritizing detailed, phased implementation plans and establishing dedicated oversight teams to guide the project through all stages of development and beyond.

### **Conclusion**

As Idaho's LUMA system shows, the promise of innovation in government technology comes with great potential and substantial risk. At Mountain States Policy Center, we believe that a free-market approach to innovation, with a focus on efficiency and fiscal responsibility, is the cornerstone of effective governance. LUMA's journey highlights the importance of combining ambitious technological advancements with careful, measured planning and oversight to protect taxpayer resources while maintaining public trust.

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<sup>24</sup> "Speaker of the Idaho House says new \$120 million business system Luma doesn't work," Idaho Capital Sun, November 2, 2023, available at [https://idahocapitalsun.com/2023/11/02/speaker-of-the-idaho-house-says-new-120-million-business-system-luma-doesnt-work/?utm\\_source=chatgpt.com](https://idahocapitalsun.com/2023/11/02/speaker-of-the-idaho-house-says-new-120-million-business-system-luma-doesnt-work/?utm_source=chatgpt.com)

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*Modernizing state systems is vital in an increasingly digital world, but the execution must be as well-structured as the goals.*

As Idaho works to refine the LUMA system, we echo Controller Woolf’s belief in the system’s potential. Moving forward, Woolf said his priority is to improve LUMA’s reporting processes while continuing to build on its security benefits and agency standardization. This underscores the state’s commitment to ensuring LUMA’s success.

Modernizing state systems is vital in an increasingly digital world, but the execution must be as well-structured as the goals. LUMA was envisioned as a leap forward in transparency, security, and efficiency, but a rushed rollout, insufficient training, and reactive problem-solving limited its ability to deliver on these promises. As stewards of public funds, government leaders have a duty to ensure that technological advancements are thoughtfully vetted and implemented in ways that enhance productivity without sacrificing reliability or accountability.

The story of LUMA is a reminder that with the right balance of innovation, planning, and oversight, government technology projects can achieve their goals, without exceeding their budgets or compromising on service. For Idaho and other states pursuing similar modernization efforts, the path forward is clear: embrace technology, but ground it in strategic, human-centered practices that ensure each dollar spent delivers measurable value to the public.

**Nothing in this publication shall be construed as an attempt to aid or hinder the passage of any legislation.**

# ABOUT THE AUTHOR

Sebastian Griffin is a 5th generation Idahoan and Nampa native. He current serves as MSPC's Marketing and Communications coordinator, and is the lead researcher for MSPC's Junkermier Center on Technology and Innovation.

He is married to his high school sweetheart and has a daughter named Wyld. Sebastian graduated from Nampa High, CWI with an associate's degree in liberal arts, and Boise State with is bachelors in Political Science and American Government.

He has been involved in the policy making process in Idaho for the last 5 years starting as a Senate Page and most recently as a Legislative Candidate in District 12. Sebastian currently serves on his local city council.

