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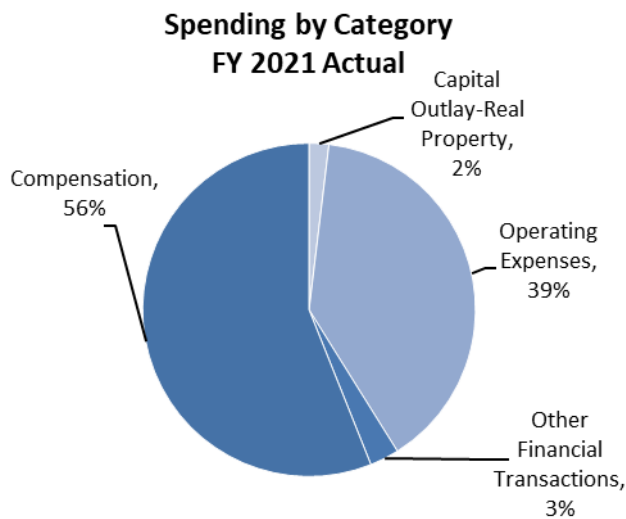# Minnesota IT Services (MNIT)

https://mn.gov/mnit/

AT A GLANCE

- Provides all information technology (IT) services to 70 executive branch entities and offers a sub-set of services to cities, counties and other non-executive branch entities
- Responsible for 2,435 IT employees
- Hosting and support of 2,080 agency applications
- Tracking of 545 IT projects
- Resolved 1,835 security incidents
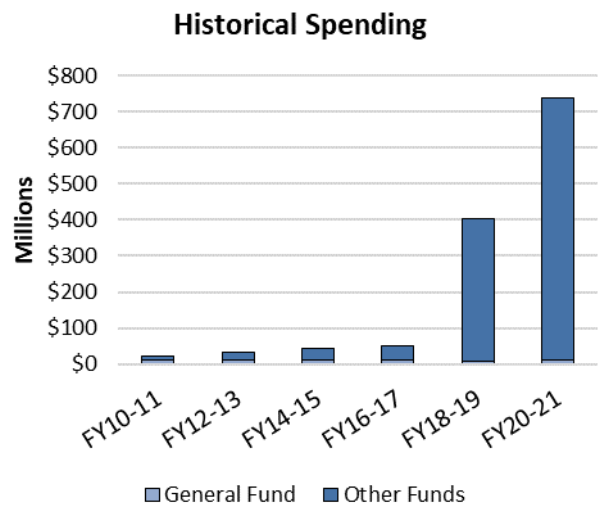- Support of 10,000 network devices

PURPOSE

We partner with Minnesota state agencies to deliver technology solutions that transform how government connects to provide services for the people of Minnesota.

BUDGET

Spending by Category FY 2021 Actual

- Compensation, 56%
- Capital Outlay-Real Property, 2%
- Operating Expenses, 39%
- Other Financial Transactions, 3%

Source: Budget Planning & Analysis System (BPAS)

Historical Spending

(General Fund, Other Funds; FY10-11 through FY20-21, in Millions)

Note: This chart excludes enterprise chargebacks to agencies and includes other agency funds dedicated to Information and Telecommunications Account projects.
Source: Consolidated Fund Statement

The Department of Information Technology Services, or Minnesota IT Services (MNIT) is funded through chargebacks to agencies for IT services through the enterprise technology fund, direct pass-through bill to agencies for IT applications and projects through the special revenue fund, and IT governance through the general fund. In FY 2019 direct agency pass-through expenses were re-classified from the enterprise technology fund to the special revenue fund resulting in the apparent increase in spending between FY 2016-17 and FY 2018-19. Chargebacks through the internal service fund for IT services are not included in the above bar chart. General fund appropriations provide funding for the Chief Information Officer (CIO) office, enterprise security, technology transformation, IT project portfolio oversight, geospatial (MnGeo) and some projects. Total IT spend from all funds was $646 million in FY 2021.

Since the Legislature enacted IT consolidation in FY 2011, MNIT consolidated finances, purchasing, data centers, and commodity IT services to provide efficiency and economies for the state. Current enterprise service projects focus on those IT functions that can be more efficiently delivered through a centralized service. These projects are managed in stages to avoid disruption to state business and for efficiency.

STRATEGIES

MNIT partners with state agencies to effectively deliver secure, reliable technology solutions to improve the lives of all Minnesotans. MNIT's strategic direction is human-centered and focused on our end users - our business partners and the Minnesotans we serve every day. These principles are supported by the practice of a connected culture and servant leadership in order to establish an innovative and responsive government and support the development of inclusive technology solutions.

Effectively delivering IT services touches the lives of all Minnesotans. MNIT delivers and supports solutions that enable our state agency business partners to more efficiently and effectively achieve their missions. Across the executive branch, MNIT provides technology that connects Minnesotans with access to health insurance, helps ensure public safety, enables effective commerce, and connects Minnesotans with outdoor recreation opportunities. MNIT also works to lower technology accessibility barriers that support a diverse and inclusive workplace; and provide solutions that deliver accountability and transparency and ensure program integrity.

Bolstering cybersecurity strategy and protection is crucial to ensuring Minnesotans maintain access to important services and tools. With past legislative investment and continued coordination with legislative partners, as well as the Technology Advisory Council (formerly Governor's Blue Ribbon Council on IT), MNIT is able to focus on larger strategic objectives including prioritizing security through risk management practices and working to provide agency-specific recommendations around high-value investment.

CloudRAMP is MNIT's enterprise project to enable the state to realize its Intentional Cloud Approach. This work involves coordination between MNIT, agency partners and stakeholders, and Microsoft to identify applications to begin moving into the Azure cloud. Embracing a cloud-centric strategy will provide the State with an environment that is flexible, secure, stable, and supportable. Cloud technology will help the state of Minnesota advance infrastructure modernization and improve security and resiliency. Migration of infrastructure to a cloud environment will afford MNIT enhanced flexibility and the ability to rapidly respond to changes in market demand while also reducing data center space requirements and investment in capital equipment.

Concurrent with the CloudRAMP project MNIT has undertaken an effort to ensure that the application portfolio that we have, which serves all agencies and provides services for millions of Minnesotans, is well managed and is thoroughly documented, managed, and measured. It is MNIT's critical role and responsibility to actively manage the application portfolio for the agencies we support.

MNIT Services legal authority comes from M.S. 16E (https://www.revisor.leg.state.mn.us/statutes/?id=16E&view=chapter).

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY24**	**FY25**
Expenditures by Fund								
1000 - General	4,449	8,640	7,924	11,813	9,232	9,232	55,515	76,640
2000 - Restrict Misc Special Revenue	1,076	1,133	2,888	1,105	1,816	869	1,816	869
2001 - Other Misc Special Revenue	353,623	368,148	383,493	387,156	390,501	385,395	390,501	385,395
3010 - Coronavirus Relief	6,856	370						
5000 - Master Lease	9,421	8,558	8,535	15,170	15,644	16,575	15,644	16,575
5500 - MN IT Services	197,090	202,273	197,546	215,260	230,518	233,495	230,518	233,495
Total	**572,516**	**589,122**	**600,386**	**630,504**	**647,711**	**645,566**	**693,994**	**712,974**
Biennial Change				69,253		62,387		176,078
Biennial % Change				6		5		14
Governor's Change from Base								113,691
Governor's % Change from Base								9
Expenditures by Program								
IT for Minnesota Government	572,516	589,122	600,386	630,504	647,711	645,566	693,994	712,974
Total	**572,516**	**589,122**	**600,386**	**630,504**	**647,711**	**645,566**	**693,994**	**712,974**
Expenditures by Category								
Compensation	315,644	330,249	338,012	347,209	380,339	383,504	385,222	391,567
Operating Expenses	227,450	230,909	236,758	252,550	241,634	235,393	280,235	289,302
Grants, Aids and Subsidies	7						399	5,436
Capital Outlay-Real Property	9,920	11,235	12,326	15,540	16,798	17,729	19,198	17,729
Other Financial Transaction	19,496	16,728	13,290	15,205	8,940	8,940	8,940	8,940
Total	**572,516**	**589,122**	**600,386**	**630,504**	**647,711**	**645,566**	**693,994**	**712,974**
Full-Time Equivalents	**2,416.28**	**2,440.99**	**2,434.08**	**2,490.82**	**2,693.36**	**2,681.36**	**2,714.36**	**2,705.36**

Minnesota IT Services (MNIT)

Agency Financing by Fund

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY24**	**FY25**
1000 - General								
Balance Forward In	34	3,325		1,931				
Direct Appropriation	7,679	7,679	9,855	9,882	9,232	9,232	55,515	76,640
Transfers In		379						
Transfers Out		2,360						
Cancellations		383						
Balance Forward Out	3,263		1,931					
Expenditures	**4,449**	**8,640**	**7,924**	**11,813**	**9,232**	**9,232**	**55,515**	**76,640**
Biennial Change in Expenditures				6,647		(1,273)		112,418
Biennial % Change in Expenditures				51		(6)		570
Governor's Change from Base								113,691
Governor's % Change from Base								616
Full-Time Equivalents	20.48	25.67	27.53	35.16	31.70	31.70	52.70	55.70

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY24**	**FY25**
2000 - Restrict Misc Special Revenue								
Balance Forward In	4,220	3,491	3,041	2,034	1,455	229	1,455	229
Receipts		355	1,541	186	250	300	250	300
Transfers In	340	328	340	340	340	340	340	340
Balance Forward Out	3,484	3,041	2,034	1,455	229		229	
Expenditures	**1,076**	**1,133**	**2,888**	**1,105**	**1,816**	**869**	**1,816**	**869**
Biennial Change in Expenditures				1,784		(1,308)		(1,308)
Biennial % Change in Expenditures				81		(33)		(33)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	3.35	3.04	2.58	2.66	2.66	2.66	2.66	2.66

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY24**	**FY25**
2001 - Other Misc Special Revenue								
Balance Forward In	39,202	26,285	59,071	44,289	20,582	5,085	20,582	5,085
Receipts	338,621	358,399	368,621	363,449	375,004	381,057	375,004	381,057
Transfers In		40,838	150					
Transfers Out		412	60					
Balance Forward Out	24,200	56,963	44,289	20,582	5,085	747	5,085	747
Expenditures	**353,623**	**368,148**	**383,493**	**387,156**	**390,501**	**385,395**	**390,501**	**385,395**
Biennial Change in Expenditures				48,879		5,247		5,247

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY24**	**FY25**
Biennial % Change in Expenditures				7		1		1
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1,633.85	1,638.37	1,645.89	1,675.00	1,799.00	1,787.00	1,799.00	1,787.00

3010 - Coronavirus Relief

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
Direct Appropriation	6,856	370						
Expenditures	**6,856**	**370**						
Biennial Change in Expenditures				(7,226)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents		0.53						

5000 - Master Lease

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
Receipts	9,421	8,558	8,535	15,170	15,644	16,575	15,644	16,575
Expenditures	**9,421**	**8,558**	**8,535**	**15,170**	**15,644**	**16,575**	**15,644**	**16,575**
Biennial Change in Expenditures				5,726		8,514		8,514
Biennial % Change in Expenditures				32		36		36
Governor's Change from Base								0
Governor's % Change from Base								0

5500 - MN IT Services

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
Balance Forward In	27,584	37,993	38,896	30,308	35,074	35,931	35,074	35,931
Receipts	214,291	193,725	198,356	229,868	244,203	244,203	244,203	244,203
Transfers In			0					
Transfers Out	8,007	9,302	9,398	9,842	12,828	12,828	12,828	12,828
Balance Forward Out	36,778	20,143	30,308	35,074	35,931	33,811	35,931	33,811
Expenditures	**197,090**	**202,273**	**197,546**	**215,260**	**230,518**	**233,495**	**230,518**	**233,495**
Biennial Change in Expenditures				13,444		51,207		51,207
Biennial % Change in Expenditures				3		12		12
Governor's Change from Base								0
Governor's % Change from Base								0

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY24**	**FY25**
Full-Time Equivalents	758.60	773.38	758.08	778.00	860.00	860.00	860.00	860.00

	FY23	FY24	FY25	Biennium 2024-25
Direct				
Fund: 1000 - General				
FY2023 Appropriations	9,882	9,882	9,882	19,764
Base Adjustments				
Current Law Base Change		(650)	(650)	(1,300)
Forecast Base	9,882	9,232	9,232	18,464
Change Items				
Statewide Cybersecurity Advancements		12,484	20,396	32,880
Enterprise Cloud Transformation		10,685	22,910	33,595
Targeted Application Modernization		20,000	20,000	40,000
Children's Cabinet IT Innovation		1,000	1,000	2,000
MnGeo: Expanding Data-Driven Decision Making with GIS Data		358	376	734
Supporting Accessible Technology in State Government		300	300	600
Maintain Current Service Levels		456	926	1,382
Executive Branch Digital Media Services		1,000	1,500	2,500
Total Governor's Recommendations	9,882	55,515	76,640	132,155
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Planned Spending	1,105	1,816	869	2,685
Forecast Base	1,105	1,816	869	2,685
Total Governor's Recommendations	1,105	1,816	869	2,685
Fund: 2001 - Other Misc Special Revenue				
Planned Spending	387,156	390,501	385,395	775,896
Forecast Base	387,156	390,501	385,395	775,896
Total Governor's Recommendations	387,156	390,501	385,395	775,896
Fund: 5000 - Master Lease				
Planned Spending	15,170	15,644	16,575	32,219
Forecast Base	15,170	15,644	16,575	32,219
Total Governor's Recommendations	15,170	15,644	16,575	32,219
Fund: 5500 - MN IT Services				
Planned Spending	215,260	230,518	233,495	464,013
Forecast Base	215,260	230,518	233,495	464,013
Total Governor's Recommendations	215,260	230,518	233,495	464,013

Revenue Change Summary

(Dollars in Thousands)

	FY23	FY24	FY25	Biennium 2024-25
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	186	250	300	550
Total Governor's Recommendations	186	250	300	550
Fund: 2001 - Other Misc Special Revenue				
Forecast Revenues	363,449	375,004	381,057	756,061
Total Governor's Recommendations	363,449	375,004	381,057	756,061
Fund: 5000 - Master Lease				
Forecast Revenues	15,170	15,644	16,575	32,219
Total Governor's Recommendations	15,170	15,644	16,575	32,219
Fund: 5500 - MN IT Services				
Forecast Revenues	229,868	244,203	244,203	488,406
Total Governor's Recommendations	229,868	244,203	244,203	488,406

Minnesota IT Services (MNIT)

FY 2024-25 Biennial Budget Change Item

Change Item Title: Statewide Cybersecurity Advancements

Fiscal Impact ($000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	12,484	20,396	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	12,484	20,396	0	0
FTEs	**4**	**4**	**0**	**0**

Recommendation:

The Governor recommends $12,484,000 in FY 2024 and $20,396,000 in FY 2025 to fund statewide cybersecurity advancements. This recommendation does not propose ongoing funding in FY 2026 and beyond. This request will fund the required state match for the State and Local Cyber Grant Program (SLCGP) and to procure, implement, and support advanced cybersecurity tools to address persistent and evolving cybersecurity threats stemming from international geopolitical events and growing deployment of ransomware, distributed denial of service, and other destructive attacks. These types of attacks, whether from adversary nations or non-state actors domiciled within those nations are on the rise, and pose significant risk to disrupting access to State systems relied upon by Minnesotans.

This recommendation would also fund statewide cybersecurity planning and defenses, advanced security detection and visibility across the statewide network, a transition to a modern identity access management solution, expanded deployment of web application firewall capabilities to protect applications used by Minnesotans, and provide advanced detections and response capabilities to guard against techniques used in well-known cyber-attacks stemming from comprised accounts through phishing or stolen identities.

The development and implementation of a statewide cybersecurity plan will enable Minnesota to take full advantage of the federal funding available through the SLCGP provided by the Cybersecurity and Infrastructure Security Agency (CISA) to fund advanced cybersecurity protections to raise the defensive posture of state, local, and tribal nation government entities throughout Minnesota. The SLCGP requires an increasing state match to allow Minnesota to fully realize the approximately $23 million in total funding available to the state over the next four years.

Rationale/Background:

Entities in both the public and private sector face an unprecedented level of continuously evolving cybersecurity threats. Public-sector challenges are exacerbated due to the amount and quality of data transmitted and stored to provide digital services to Minnesotans from state and local governments. Low-to-moderate sophistication attacks are more effective and profitable than ever, giving rise to significant increase in their frequency. Investments in offensive cyber operations by both criminal organizations and nation states has also led to an increase in the most sophisticated attacks. Further, the pervasiveness of information systems in everything government does increases the effectiveness, impact, and disruption resulting from such attacks. Studies by lead researchers in the field suggest this trend is unlikely to reverse any time soon.

Minnesotans expect their governments to take appropriate action to implement secure systems and protect their data against potential cyber threats. People and private businesses generally do not have a choice about which state to do business with – most services are only available from the state they live or operate in. The services Minnesotans rely on from every level of government often utilize data collected or maintained by the State. Counties, cities, towns, schools, and tribal nations often rely on state data to deliver last mile services to their constituents. Creating a statewide cybersecurity plan to assess the cybersecurity defensive posture at all levels of government in Minnesota and developing plans to level the playing field across all of these focus areas will improve resiliency within government and enhance cyber capabilities.

Currently, when citizens are doing business with the State, they do not have one single digital identity and credential that allows access across department applications; rather, they must navigate to individual isolated applications that have varying levels of maturity to conduct identity proofing, confirming that individual's identity, to reduce risk of unauthorized access or prevent fraudulent access to State systems and data. This proposal includes investments for the foundation of a single identity for state services.

This proposal includes components to build the statewide cybersecurity plan, improve network visibility, enhance statewide cyber defensive controls at all levels of government, and to build and implement a system that provides for a single identity and credential per citizen for accessing any technology-delivering services being requested.

Proposal:
The funding recommended in this proposal will allow MNIT Services to:
1. Provide $5.8 million over four years in state match funding to enable Minnesota to leverage approximately $18 million in federal funding provided through the SLCGP – a federal grant program funded through the Infrastructure Investment and Jobs Act (IIJA) (also referred to as the Bipartisan Infrastructure Law) to build and implement a statewide cybersecurity plan. This proposal will fund the required state match over four years and ensure that state and local government entities of all sizes, including cities, towns, schools, public health, and critical infrastructure providers realize the benefits of these programs.
2. Utilize approximately $3 million over four years to purchase and implement advanced cybersecurity tools to improve front line defenses for state systems and services including the expansion of advanced web and identity defenses.
3. Utilize approximately $2.4 million in FY 2024 to purchase and implement an advanced network management and assessment tool to provide threat detection and assessment capability across MNet – the statewide telecommunications network that supports state and local governments across Minnesota.
4. Invest approximately $6.2 million over four years to support the transition to a modern identity and access management solution via licensing acquisitions, migration support via profession and technical services, and training for to support and operate the new solutions.

This funding request is not seeking additional operating cost, but a one-time, multi-year investment to modernize the current outdated systems and enhance cybersecurity defenses statewide.

Impact on Children and Families:
The interaction between state government and Minnesota's children and their families is greater than any time in recently history. Individuals who utilize government services of any type are disproportionately at risk of their private data being breached in the event of a cyber-attack on Minnesota state government. In addition, individuals who rely on government services would be disproportionately impacted if a cyber-attack were to render government technology systems inoperable. This proposal includes one-time funding to bolster the state's cyber defenses to combat such an attack and includes ongoing funding to help ensure the security of state systems and citizen data held by executive branch state agencies, local government entities, and schools.

Equity and Inclusion:
Enhancing cybersecurity protections for statewide IT systems ensures increases the availability and reliability of systems that serve Minnesotans across all levels of government and enhances the security of data provided to state and local agencies in order to provide services.

Tribal Consultation:
Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

⊠Yes
☐No

This proposal includes funding of the federal match requirements to allow Minnesota to take full advantage of the SLCGP. This program may include funding for advanced cybersecurity defenses for tribal nations, along with other government and critical infrastructure entities throughout Minnesota, dependent on the development of the Statewide Cybersecurity Plan, as well as additional forthcoming opportunities from the federal Cybersecurity and Infrastructure Security Agency. This program will be driven through a statewide cybersecurity plan developed through the Minnesota Cybersecurity Task Force which has representation from two of Minnesota's tribal nations to ensure that the programs benefit tribal nations effectively in Minnesota.

IT Costs
NOTE: Grant match funding is omitted from the table below.

Category	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Payroll	$500,000	$1,585,000				
Professional/Technical Contracts	$4,000,000	$6,000,000				
Infrastructure						
Hardware	$2,400,000					
Software	$5,000,000	$7,000,000				
Training	$185,000	$375,000				
Enterprise Services						
Grant state match	$399,000	$5,436,000				
Total	***$12,484,000***	***$20,396,000***				
MNIT FTEs	4	4				
Agency FTEs						

Results:

Type of Measure	Name of Measure	Current Value	Date	Projected Value (without)	Projected Value (with)	Date
Quantity	Number of local governments engaged in SSMI and SLCGP-funded programs	29	2022	54	120+	2024
Quality	Number of distinct credentials per identity	More than 10	2022-23	No change	3	2021-2024
Quantity	Number of identities managed	2.4 million	2022-23	No change	3 million	2021-2024
Results	Percentage of applications with a Data Protection of High that have not completed a user access review annually	5%	2022-23	Minimal change	50%	2021-2024

Statutory Change(s):

No statutory changes are required as a result of this proposal.

Change Item Title: Enterprise Cloud Transformation

Fiscal Impact ($000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	$10,685	$22,910	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	$10,685	$22,910	0	0
FTEs	5	5	0	0

Recommendation:

The Governor recommends $10,685,000 in FY 2024 and $22,910,000 in FY 2025 to support a transformation from using on-premises custom infrastructure and toolsets to leveraging cloud-based services to modernize enterprise IT delivery for state agency business partners. Funding to support this transition enables state agencies and Minnesota IT Services (MNIT) to leverage commercial solutions and modern infrastructure, to deliver more modern solutions to Minnesotans, and to take advantage of cybersecurity risk mitigation present in modern, commercially supported solutions. This proposal represents a 4% increase to MNIT's current baseline enterprise fund budgets for FY 2024-2025.

Rationale/Background:

Modern digital service delivery requires continual investment in contemporary tools to deliver modern digital solutions for Minnesotans. This proposal would support a transition from on-premises, custom-developed tools and enable MNIT to shift to a greater footprint of cloud-based tools that enhance the citizen experience, address technology debt, and build resiliency against future obsolescence. Further, this proposal supports the need to continue transforming MNIT's infrastructure from on-premises solutions to cloud-based services that enable cost-effective and elastic scaling options to meet significant demand spikes and enable a reduction in capacity in off-peak periods that accompany many digital services. As Minnesotans continue the rapid transition to interacting with state agencies through digital services, the need to leverage scalable and resilient tools increases with each day.

These investments would enable the State to modernize and develop business systems leveraging cloud-based infrastructure resulting in:
- Faster development and deployment of infrastructure and business applications
- Cost savings through reducing capital expenditures (CapEx) on technology infrastructure and a moving to an operating expenditures (OpEx) usage-based rate system
- Significantly improved scaling capabilities to meet peak demand and minimize service interruptions
- Enhanced disaster recovery capability
- Cybersecurity risk mitigation
- Providing a foundation for custom business apps to commercial-off-the-shelf (COTS) transformations
- Identifying additional strategic cloud opportunities across the enterprise
- Advancing modern portfolio management efforts supporting a modern, agile approach for managing IT investment, products, and projects

- Cloud-based, modern content management platform for managing website content where Minnesotans connect to their state government

Proposal:
This recommendation represents a new initiative to invest in cloud-based tools, services, and infrastructure to address technology obsolescence, as well as to build resiliency in digital service applications – both steps will enhance the cybersecurity risk posture of digital services, as well as improve experiences for end users.

The State's technology portfolio faces two significant perennial challenges. First, as the rate of change in technology increases, the gaps in consistent funding exacerbate technical debt. Second, MNIT's funding model prevents the opportunity to proactively address modernization needs and opportunities, because agencies are constrained by their own resources to pay for services that are not directly consumed.

This request will be invested to further the transition the state to a modern cloud-based hosting model in the following ways:

- Infrastructure
    - Stand up and rollout of the infrastructure certified to store and process Criminal Justice Information (CJI) and IRS 1075 data and applications. Funding to date provided the infrastructure for all other data and applications.
- Planning
    - Enable planning activities specifically for the breadth and complexity of a diverse architecture.
    - Continue an initial planning phase to build out application information and determine what can move and to where in the cloud.
    - Support additional resources to support a faster transition period that builds on existing resources and teams.
- Workload Migration
    - Enables development and resource for thorough and effective application documentation tools to help identify and layout application maps while transitioning components to the cloud. Application maps enable higher rate of first-time migration success and minimize migration risk.
    - Provide the necessary transitional infrastructure per agency (e.g., servers, application gateways, firewalls, etc.) and software licenses to enable the transition from on-premises to the cloud.
- Application (App) Modernization
    - Staffing to design, build, and implement infrastructure for new/updated business application environment to be created in the cloud. This infrastructure will be based on industry best practices and help ensure business application are created in a consistent manner across all agencies.
    - Training, software, and other development tools (e.g., DevOps, containerization) for staff to use in the creation and management of business applications.

Impact on Children and Families:
Ensuring Minnesotans have access to modern tools provides greater opportunities to access the services and support structures that provide more equitable opportunities at maintaining or gaining access to healthy and successful lives.

Equity and Inclusion:
Digital services provided by Minnesota's State Agencies and supported by Minnesota IT Services not only enhance access to interacting with state services, but also frequently contribute to enhanced data and metrics that improve the opportunity to make data-driven decisions when providing those same services. These separate, but complimentary tracks, provide significant opportunities to support equity and inclusion.

Tribal Consultation:

Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐Yes
☒No

IT Costs

Category	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Payroll	$875,000	$2,100,000				
Professional/Technical Contracts	$4,660,000	$10,230,000				
Software	$4,900,000	$10,330,000				
Training	$250,000	$250,000				
Total	**$10,685,000**	**$22,910,000**				
MNIT FTEs	5	5				

Results:

Type of Measure	Name of Measure	Current Value	Date	Projected Value (without)	Projected Value (with)	Date
Quantity	Percent of on-premise servers moved to the cloud	5%	October 2022	10%	30%	FY24-25
Quantity	Percent of agencies with a defined and actionable cloud strategy	0%	October 2022	10%	80%	FY24-25

Statutory Change(s):

No statutory changes are required as a result of this proposal.

Minnesota IT Services (MNIT)

FY 2024-25 Biennial Budget Change Item

Change Item Title: Targeted Application Modernization

Fiscal Impact ($000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	20,000	20,000	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	20,000	20,000	0	0
FTEs	5	5		

Recommendation:

The Governor recommends $20,000,000 in FY 2024, and $20,00,000 in FY 2025 in general funding to improve the citizen experience via modernized digital government services. This investment would enable the State to systematically address aging technology, improve users' experiences, modernize targeted applications, and enable service delivery transformation. The proposal would establish a critical fund to support business process and technology modernization to support existing applications and leverage commercial-off-the-shelf (COTS) tools to support and advance modernization.

Rationale/Background:

Minnesotans rely on digital government more than ever before, and they demand a modern service experience. Many of the State's existing 2,800 applications and digital service solutions were built on now aging technology that was used to develop heavily customized applications to meet then-existing demands. These aging applications don't offer the modern digital experience Minnesotans deserve. Often, the modernization needs of these applications lack the scope, breadth, and visibility to rise to a single, large change item. As a result, the technical debt in these relatively small-scale applications builds over time and increases the risk to cyberattacks as a result of using non-current technologies.

Minnesota IT Services' (MNIT) current funding model does not provide flexible funding to address these deficiencies outside of legislative-directed funding. Since over 98% of MNIT's budget is generated from direct payments for the IT services it provides to state agency business partners, MNIT lacks the resources to direct funding towards ongoing modernization of these small-scale tools – which are considerable in volume. Less than 1% of MNIT's overall budget provides for coordination and leadership activities, and with the need for those efforts growing each year, additional funding is needed to focus on the critical need to support technology modernization across the state agency digital service and enterprise service portfolio. Research suggests that Minnesota's IT spending is more than 30% below the Gartner benchmark.

Similar efforts have been undertaken at the federal level where the Modernizing Government Technology Act and American Rescue Plan funds were leveraged to drive 32 projects across 17 agencies to advance cybersecurity protections and improve the public's interaction with their government. More information is available at: https://tmf.cio.gov/projects/.

Proposal:

This recommendation represents a new initiative to address the urgent need to improve Minnesotans' experience with digital government services and address security gaps that exists throughout the State of Minnesota's

application portfolio of approximately 2,800 applications. With little flexibility in MNIT's chargeback funding model to address these often smaller applications that don't rise to specific investment requests, this proposal would provide for resources to identify application based on critical needs as cybersecurity and end-of-life vendor support, as well as opportunities to improve user experience. The investment would further provide resources and capacity to remedy the cybersecurity risks and obsolescence problems presented by these applications.

Professional/technical service providers would provide expertise in application development and upgrade, as well as data migration. These resources would also provide input on the process to determine investment and modernization opportunities. Additional expertise would be provided to incorporate opportunities and needs for business process modernization where technology provides opportunities for improving digital service delivery.

This proposal will also fund investments to advance Technology Advisory Council recommendations for state agencies and MNIT to adopt customer-centric operating models. By investing in enterprise-driven tools and processes to adopt modern operating models, MNIT will be able to support agencies as they shift from project to product operations, and manage the organizational change associated with that transition. Modern operating models support improved stakeholder engagement for both internal and external communities through improved data-driven decisions and analysis.

Impact on Children and Families:
Ensuring Minnesotans have access to modern tools provides greater opportunities to access the services and support structures that provide more equitable opportunities at maintaining or gaining access to healthy and successful lives.

Equity and Inclusion:
Digital services provided by Minnesota's State Agencies and supported by MNIT not only enhance access to interacting with state services, but also frequently contribute to enhanced data and metrics that improve the opportunity to make data-driven decisions when providing those same services. These separate, but complimentary tracks, provide significant opportunities to support equity and inclusion through Minnesota's digital service portfolio.

Tribal Consultation:
Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

    ☐Yes
    ☒No

IT Costs

Category	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Payroll	$2,000,000	$2,000,000				
Professional/Technical Contracts	$18,000,000	$18,000,000				
Total	**$20,000,000**	**$20,000,000**				
MNIT FTEs	5	5				
Agency FTEs	5	5				

Results:

Type of Measure	Name of Measure	Current Value	Date	Projected Value (without)	Projected Value (with)	Date
Quantity	Percent of applications moved to modern platforms	N/A	2022	10%	100%	2025

Statutory Change(s):

N/A

Minnesota IT Services (MNIT)

FY 2024-25 Biennial Budget Change Item

Change Item Title: Children's Cabinet IT Innovation

Fiscal Impact ($000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	1,000	1,000	1,000	1,000
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,000	1,000	1,000	1,000
FTEs	**0**	**0**	**0**	**0**

Recommendation:

The Governor recommends $1,000,000 from the general fund beginning in FY 2024 and ongoing to create a dedicated funding source for interagency initiatives that center Minnesota children and their families over agency structures. These cross-agency projects rely on the delivery of agile technology solutions, and additional resources are necessary to improve access to and increase coordination across multiple state agency business partners. This proposal represents a 20% increase to MNIT's baseline general fund budget.

This investment would enable MNIT to deliver urgently needed interagency projects on shortened timelines, within legislative sessions and associated funding cycles, based on need and timely opportunities without setting back existing priority agency work. In recent years, the state has been presented opportunities to engage in activities to improve service and coordination for families that have IT costs to complete but no funding source separate from agency processes. In order to meet the state's goals to coordinate services and eligibility across state agencies, specific resources are needed to support these cross-agency actions and allow for coordination for projects that involve multiple state agencies and programs.

Moreover, the COVID-19 pandemic has unmasked consistent, ongoing disparities in opportunities for children and families to live healthy and successful lives. The state has responded to these needs in multiple ways including standing up new programs and leveraging existing and new IT services in transformative ways, such as enabling text message communication for more public benefits recipients and adapting IT systems for programs to implement COVID related waivers and program modifications. Additional, directed funding to advance digital service opportunities for children is required to continue innovation and alleviate resource limitations in order to meet urgent needs, take advantage of federal or other opportunities to improve service and coordination, and leverage matching Federal IT investment opportunities.

Rationale/Background:

Businesses, advocates and Minnesotans alike have presented ideas and opportunities to improve service delivery to individuals over many years that would require IT systems improvements. However, improvements that necessitate cross agency coordination do not have an identified funding source that allows for prioritization and timely implementation. A funding source available to state agencies for the benefit of Minnesota children and families would present the opportunity to prioritize and execute these service improvements. Additionally, many of these project cross multiple agencies further complicating the funding requirements and processes. Dedicated funding at MNIT would help alleviate the many circumstances when the IT costs are not substantial but are without a specified funding source.

Minnesota's Children's Cabinet developed this proposal following challenges experienced in prioritizing new innovations as well as navigating through challenges to create successful collaborations – particularly throughout the pandemic. Barriers include single agency prioritization, lack of capacity and coordination needed for cross-agency actions, resources being allocated through decentralized process and insufficient funding for IT projects. Where efforts were successful, they were a result of extensive state capacity leveraged to move through roadblocks and identify small resources across individual agencies, versus having clear resources to center Minnesotan priorities over agency priorities. Specific successful coordination efforts include: the eligibility and services through the federal Preschool Development Grant, Direct Certification for School Meals through Medicaid participation, and Code for America efforts.

The intended results are to deliver timely support solutions for Minnesota's children and their families by providing access to funding for IT project implementation based on community feedback and that requires cross-agency actions. This funding will enable the State to more easily and efficiently prioritize opportunities to improve IT systems that promote government efficiency for Minnesota children and families.

Proposal:
This initiative would support technology delivery capacity, including contractors and staffing, to implement innovative projects and systems improvements that center children over agency process. Funds may be used for IT costs, necessary accompanying staff, and other IT related project costs. Funds are expected to be used in combination with other available funding, providing an opportunity to fill any funding gaps enabling execution of desired projects.

Individual project costs are estimated to range on average between $200,000-$500,000, so the funding available would support two to five projects per year, and projects would be identified or proposed through Children's Cabinet governance. It would be expected that agencies explore other resource options such as reprioritizing agency actions before tapping these funds. The cost assumptions are based on recent cross-agency IT efforts and the desire for the ability to fund multiple projects per year.

Recent examples include cross-agency efforts to expand food access and ensure that families who report being eligible for school meals through Medicaid receive those benefits. For Medicaid Direct Certification of school meals, a team of experts was convened to design the IT needs and estimate the costs, so it provides a pressure-tested example of need.

Future examples for how this funding could be used include:
- Direct certification of Food Distribution Program on Indian Reservations for school meals – this cross-agency project between the Department of Human Services (DHS), Minnesota Department of Education (MDE) and United States Department of Agriculture will allow Minnesota to partner with tribes and utilize the federal Food Distribution Program on Indian Reservations (FDPIR) data to certify into school meals and increase participation in Community Eligibility Provision. The outcome is feeding more children, increasing federal dollars into Minnesota, and increasing funding for our schools.
- Early Childhood Screening – this cross-agency project between Minnesota Department of Health, Education, and Human Services would create an online portal and system where local providers can input and access early childhood screening. The outcome is children and families not needing to undergo the same assessment multiple times and creating savings in our government systems.
- Tax Credit Outreach – this cross-agency project could fund new innovations and outreach to Minnesotans to receive state and federal tax benefits that support Minnesota families, including the IT structures to exercise legal authority to share data for the purposes of coordination and eligibility of services.
- The Preschool Development Grant is also entering its final year and many projects to support early childhood systems reform across state agencies are anticipated.

This proposal complements interagency work across the executive branch and MNIT's leadership to expand IT innovations to improve the lives of Minnesotans and is being developed in coordination with the Children's

Cabinet, which is housed at Minnesota Management and Budget (MMB). Through the Children's Cabinet structure, several other agency leaders have been consulted and Commissioners and agency leaders have been supportive and excited about this opportunity and effort. This concept was also presented in a high-level policy planning discussions with the Governor's office as an opportunity to improve coordination of services for Minnesotans.

Interagency projects, including IT modernizations and improvements, do not have a clear funding source. Instead, moving forward these priorities require funding to be available at the same time at multiple agencies, and oftentimes this does not occur.

These resources could be utilized and implemented as soon as available, moving forward projects that have been postponed or not advanced due to cross-agency complexities.

Impact on Children and Families:
This proposal would provide resources to support IT innovations that increase equity and access issues for children and families and better streamline state services and supports. The focus is on IT services needed for children, superseding the siloed agency structures.

Equity and Inclusion:
This proposal will allow funding to support cross-agency efforts that advance innovations in state services and programs. These efforts primarily benefit children and families on public benefits and those in need of coordination and referral of services are disproportionately lower income, Minnesotans of color and indigenous Minnesotans.

Tribal Consultation:
Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

☐Yes
☒No

IT Costs

Category	*FY 2024*	*FY 2025*	*FY 2026*	*FY 2027*	*FY 2028*	*FY 2029*
Payroll						
Professional/Technical Contracts	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
Infrastructure						
Hardware						
Software						
Training						
Enterprise Services						
Staff costs (MNIT or agency)						
Total	**$1,000,000**	**$1,000,000**	**$1,000,000**	**$1,000,000**	**$1,000,000**	**$1,000,000**
MNIT FTEs						
Agency FTEs						

Results:

The Children's Cabinet work focuses on measurable results using a partnership with the Results Team, also at MMB, to convene and align results-based accountability strategies in areas prioritized by community engagement. This includes evaluation of how programs are implemented, administrative capacity utilized, and outcomes experienced by Minnesotans.

Because this proposal would be flexible and the projects that would be funded are yet to be determined, the process would be similar to other cross-agency IT efforts where impact and measurable goals are part of the project planning, implementation and execution. One example of a cross-agency IT project where Children's Cabinet, MDE and DHS worked together to determine estimated outcomes and impact is the implemented School Meal Direct Certification with Medicaid. As part of the project implementation, MDE and DHS estimated 90,000 additional students will have access to free school meals this school year because of this effort. Collaboration continues between MDE and DHS and final, exact impact data from schools is currently being collected by schools and will be finalized by MDE.

Statutory Change(s):

No statutory changes are necessary as a result of this proposal.

Change Item Title: MnGeo: Expanding Data-Driven Decision Making with GIS data

Fiscal Impact ($000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	358	376	395	414
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	358	376	395	414
FTEs	**0**	**0**	**0**	**0**

Recommendation:

The Governor recommends $734,000 for the FY 2024 - 2025 biennium and $809,000 for the FY 2026 - 2027 biennium for the Minnesota Geospatial Information Office (MnGeo) to enhance the state's ability to lead collaborative geographic data collection and management initiatives in partnership with local governments, federal agencies, and non-governmental partners.

These partners utilize geospatial information and products produced by MnGeo to make economic, planning, and strategic decisions in agriculture, infrastructure, resource management and many other sectors. This change item represents a less than 1% change to Minnesota IT Services' (MNIT) general fund base.

This proposal enables private and public sectors leaders in Minnesota to maximize and expand existing geospatial information to improve data-driven decision-making that will:
- Support water quality protection
- Identify suitable locations for solar farms and evaluate home and garage roofs for solar panel suitability
- Reduce flood and landslide risk by improving flood risk modeling and improved mitigation plans
- Streamline infrastructure and construction management by optimizing field work and planning
- Support better forest resource planning and reduce cost of forest inventory work
- Reduce soil erosion and increase crop yield through precision agriculture
- Improve emergency disaster response and planning
- Provide better service delivery for broadband service
- Provide accurate information for voting and redistricting
- Promote economic development

Rationale/Background:

Precise location data is critical for a diverse array of industries including agriculture, flood mitigation, insurance underwriting, forestry, hunting, and many more. The Minnesota Geospatial Information Office (MnGeo) is the state agency that ensures private sector companies, state and local governments, and tribal nations have access to updated, high-quality data to drive precise decisions and planning.
- This budget request will directly support developing and improving essential data products that support priorities of the Geospatial Advisory Council. Products include precision datasets for public statewide standardized addresses, roads, and parcels; accurate boundary and land surveys; aerial photography;

critical infrastructure including hospital, fire station and police station locations; underground utility data sharing standards; and elevation information, including contours, and watershed models.

- These precision location datasets directly support work of state agencies, local government partners, private, nonprofit, academic, tribal and other partners. For state agencies, the funding will support the Governor's One Minnesota initiatives by providing foundational data necessary to define strategy and policies, act, and measure success.
- The elevation, contours and watershed model maps are based on recent high-quality lidar data acquisition reflecting an investment of $18 million (to date), $6 million paid for by 47 local partners (state, counties, private, etc.) that leveraged $12 million in federal funds. Lidar data and products are used by a broad set of industry, public, and private sector customers including:

Natural Resource Management
- Rangeland Management
- Natural Resources Conservation
- Wildlife and Habitat Management
- Fisheries Management and Aquaculture
- Mining

Agriculture
- Precision Farming
- Runoff modeling

Transportation
- 3D Design
- Traffic operations
- Signing and striping
- Highway safety
- Maintenance
- Asset management

Water Resources
- Water Supply and Quality
- Riverine Ecosystem Management
- Coastal Zone Management
- Flood Risk Management
- Sea/Lake Level Rise and Subsidence
- Culvert Mapping
- Hydro-terrain Analysis (ACPF, PTMApp)

Recreation
- Trail Development
- Land Navigation

Regulation
- Compliance and Conflict Resolution

Utilities and Telecommunications
- Construction Planning
- Right of Way Management
- Oil and Gas Resources
- Energy Management
  - Traditional
  - Renewable/Alternative

Emergency Management
- Wildfire Management
- Homeland Security and Disaster Response

Navigation
- Marine and Riverine Navigation and Safety
- Aviation Navigation and Safety

Infrastructure and Construction Management
- Urban and Regional Planning
- Building
- Traditional, Renewable/Alternative Energy

Military

Education
- K12 and Beyond
- Research

Culture and Society
- Health and Human Services
- Cultural/Historical Resources Preservation
- Real Estate, Banking, and Insurance

Proposal:

With this investment, MnGeo will expand and enhance access to high-quality tools for Minnesota's diverse users of geospatial information. The funding will support collection, creation, and standardization of both new and existing information across state government for use by state agencies, local governments, and many private sector partners.

The funding would support creation, maintenance, and delivery of geospatial information. Specific goals include creation and maintenance of various data types such as: elevation data, culvert data, hydrologic breakline data, and elevation watershed models; maintenance of statewide standardized parcel, address and road data; sharing of aerial photography and imagery datasets; and coordination, creation, and maintenance of accurate boundary and land survey data, and critical infrastructure data.

$244,000 will be used to pay for staff time to acquire, standardize and share datasets. An investment of $114,000 will directly fund cloud-based infrastructure acquisition to expand access and cloud-based deployment of data, maps, and services directly available for download or direct use is geospatial-enabled tools.

Impact on Children and Families:
Minnesota's geospatial information data supports several opportunities to ensure improved quality of life for children and families, including water conservation and health, agricultural planning, pollution mitigation, resource and land management, and equity analysis.

Equity and Inclusion:
Minnesota's leaders are committed to making informed policy decisions by using the best resources available to them. 80% of all data is estimated to have a spatial component; ensuring that data is as current and accurate as possible enables Minnesota's policymakers to make the most impactful and supportive decisions possible. Decisions about many equity inclusion issues require foundational data, including lidar-derived data, including water quality, environmental justice, agricultural/land/resource management.

Tribal Consultation:
Does this proposal have a substantial direct effect on one or more of the Minnesota Tribal governments?

⊠Yes
☐No

The effort will provide benefits to tribal nations that can help support their forest and resources management, help define and improve water quality and protect cultural resources and more.

MNIT, MnGeo, and state agency leaders are engaging with tribal nations that are impacted by lidar and elevation related work in this proposal and that engagement will continue.

IT Costs:

Category	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Payroll						
Professional/Technical Contracts	238	256	256	256	256	256
Software	120	120	139	158	158	158
Total	358	376	395	414	414	414
MNIT FTEs	0	0	0	0	0	0

Results:

Type of Measure	Name of Measure	Current Value	Date	Projected Value (without)	Projected Value (with)	Date
Quantity	Usage of online maps and data resources	500 uses/month		500 uses/month	3000 uses/month	

Statutory Change(s):
No statutory changes are required as a result of this proposal.

Change Item Title: Supporting Accessible Technology in State Government

Fiscal Impact ($000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	300	300	300	300
Revenues	0	0	0	0
Other Funds				
Expenditures (TAM)	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	300	300	300	300
FTEs	1	1	1	1

Recommendation:

The Governor recommends $300,000 in fiscal year 2024 and ongoing for additional funding for the Office of Accessibility, an office in Minnesota IT Services (MNIT), to enhance accessible government for all Minnesotans. This request represents a 103% increase to the $290,000 base appropriations from the Telecommunications Access Minnesota (TAM) Fund and would be the first increase to the Office of Accessibility's budget since 2013.

Rationale/Background:

Since 2010, all State of Minnesota digital services are required to be accessible to people with disabilities. The Office of Accessibility is responsible for ensuring, enabling, and educating accessibility for the executive branch of state government in Minnesota. Since 2012, the Office has helped the state's services and operations be more accessible for citizens and employees. Its services, outreach, training, and collaboration initiatives include:

- A 5-year strategic plan (PDF) (and 2-page summary)
- An online 7-module Accessible Word training program that has been used by employees of the state and legislature as well as multiple counties and cities.
- Informative how-to quick cards available in laminated or PDF format for all state employees.
- Nationally-recognized guidance on accessible maps, documents, vendor assessments, remote meetings, project management, and many other related issues.
- A network of Digital Accessibility Coordinators throughout state agencies, boards, and commissions
- Partnership with MNIT Communications to ensure accessible, branded letterhead templates and accessible, branded email templates built into employees' computers for all state agencies.
- Monthly newsletter to subscribers in the US, Canada, and overseas.
- Services including but not limited to:
  - Software such as PDF remediation and web application testing
  - RFP guidance and evaluation
  - Application testing

This work is critical to ensuring that Minnesotans across the state are able to interact and receive services from state government by enhancing access to systems, tools, and information. This important work is the result of a small staff whose budget has not increased in nine years. As operating costs continue to rise each year, the Office's budget is facing limitations in its ability to continue carrying out this work in enhancing access to State government resources.

The program has been successful in that state agencies have become more aware of their accessibility obligations and the need to devote resources to meet those obligations. That success has in turn increased requests for support from the Office of Accessibility.

Proposal:
This is a recommendation for additional operating funds to:
- Sustain the program's current level of service.
- Respond to increased and expanded requests for services to meet additional needs.

The Office of Accessibility was created by the legislature in 2011 with an [appropriation from the Technology Access Minnesota (TAM) fund](MS 237.52), administered by the Minnesota Department of Commerce, to support the implementation of the State's [Digital Accessibility and Usability Standard (PDF)](MS 16E.03) created in 2009 (MS 16E.03 subd. 9). The initial appropriation was increased once, by the 2013 legislature, in order for the office to hire a second employee.

In addition to two FTE, the existing appropriation also is expected to cover basic operating costs, including:
- Computers and servers
- Software
- Staff development
- Meeting accommodations (interpreters and captioning)
- Summer student worker

Due to rising operational costs, including salary and IT services, the costs for Office of the Chief Information Accessibility Officer will exceed current appropriations by the FY 2024 - 2025 biennium. This limits the Office's ability to ensure that the state government - with over 70 agencies, boards and commissions and 35,000-plus employees - buys accessible software and creates accessible web content. This work requires persistent, committed efforts toward changing culture through outreach, training, and leadership that effectively implements policies, procedures, and best practices.

Currently this is led by a staff of two. Previously a student worker also provided support, but the position had to be cut for lack of funds. The student worker position has become a valuable addition to the program as it provides opportunity for students to learn about digital accessibility and helps increase the Office's visibility. In the current budget, the student worker position has been eliminated.

Evolution from startup to sustainability
Accessibility is everyone's job. Whether writing a document, defining requirements for new agency programs, or giving a presentation, accessibility is a key consideration. The Office of Accessibility provides the necessary training, guidance, and resources to ensure that the entire state can meet its obligations.

The Office of Accessibility was initially funded in 2012 to roll out the new State Accessibility Standard. Since then, the office has worked with nearly every agency, board, and commission in the state. Many now have identified an employee who serves as a digital accessibility coordinator. The Office of Accessibility provides training, guidance, and support for those coordinators as well as their agency peers.

In addition, the Office provides planning and testing support services, procurement evaluation, and other key services to the MNIT central enterprise.

This is not sustainable even with two FTE and a student worker. At minimum the Office requires a third FTE at an ITS 3 level.

Impact on Children and Families:
Children and families across Minnesota benefit from improved accessibility. The 2009 law that called for the digital accessibility standard was passed in order to ensure full inclusion of people with disabilities. This disproportionately impacts children and families in poverty.

By working with agencies to ensure that state services are accessible, the Office of Accessibility helps ensure that children and their families have equitable access to state information and services.

Equity and Inclusion:
For OneMinnesota to truly work, there must be equitable access to digital services and content.

Digital accessibility is foundational to enabling digital equity among state employees and citizens who use state services and access state content. If digital services and content are not accessible, hundreds of thousands of Minnesotans will struggle to log in, register, enter data, read, and otherwise use state digital services.

People who self-identify as having a disability require accessibility to be effective, productive employees at the state. If state websites, forms, and key documents such as the Governor's proclamations are not accessible, it disenfranchises thousands of people with disabilities.

Many people who do not identify as having a disability also rely on digital accessibility. This includes older Minnesotans who prefer to increase the size of the text they read, immigrants and other non-native English speakers who rely on captioning, plain language, and well-structured content, and the thousands of Minnesotans who do not own a computer or lack access to broadband for whom digital accessibility improves their ability to engage with the state.

IT Costs:

Category	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Payroll	$150,000	$150,000	$150,000	$150,000	$150,000	$150,000
Professional/Technical Contracts	$60,000	$60,000	$60,000	$60,000	$60,000	$60,000
Software	$60,000	$60,000	$60,000	$60,000	$60,000	$60,000
Communication	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000
Employee Development	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000
Other Operating Costs	$15,000	$15,000	$15,000	$15,000	$15,000	$15,000
Total	$300,000	$300,000	$300,000	$300,000	$300,000	$300,000
MNIT FTEs	1	1	1	1	1	1

Results:
The Office of Accessibility's role is to provide awareness, policy guidance, and technical support to state agencies. Boards, and commissions. Its impact is not only on specific actions by the Office, but in how agencies then act to improve their services. For example, an agency can improve the accessibility of their online forms because their staff learned why it is important then applied what they learned in guidance from the Office of Accessibility.

Another key metric is the state's ability to increase the hiring and retention of people with disabilities. For this, we rely on data from MMB.
- Progress toward accomplishing goals in the five-year strategic plan

- Projects and initiatives created and completed
- Trainings (both web-based and via presentation) completed
- Support of agency Digital Accessibility Coordinator requests
- Tracking of communications initiatives including monthly newsletter, blog posts, content downloads
- Improvements in accessibility of state websites, systems, and documents
- Improvements in employee awareness and satisfaction

Type of Measure	*Name of Measure*	*Current*	*Target*
Quantity	Monthly accessibility newsletter subscriptions	2,504	20% annual growth
Quantity	Quick card downloads	Minimum 500 per qtr.	2,500 per year
Quantity	Online accessible document development training	3,321	15% annual growth

Statutory Change(s):
No statute changes are required as a result of this proposal.

Change Item Title: Maintain Current Service Levels

Fiscal Impact ($000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	456	926	926	926
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	456	926	926	926
FTEs	**0**	**0**	**0**	**0**

Recommendation:

The Governor recommends additional funding of $456,000 in FY 2024 and $926,00 in each subsequent year from the general fund to maintain the current level of service delivery at Minnesota IT Services (MNIT).

Rationale/Background:

Each year, the cost of doing business rises—employer-paid health care contributions, FICA and Medicare, along with other salary and compensation-related costs increase and other operating costs such as software licensing costs also grow.

Agencies face challenging decisions to manage these costs within existing budgets, while maintaining the services Minnesotans expect. From year to year, agencies find ways to become more efficient with existing resources. For MNIT, the following efficiencies have been implemented to help offset rising operating costs:

- Reevaluate the need for filling vacancies as they arise
- Renegotiate software contracts pricing as they come up for renewal
- Effective management of space rental costs in light of the current hybrid work environment

However, cost growth typically outstrips efficiencies, and without additional resources added to agency budgets, service delivery erodes.

For MNIT, operating cost pressures exist in multiple categories—increases in compensation and insurance costs at the agency, increasing costs to maintain our current staff compliment in a challenging labor market, and increasing non salary costs. If an operational increase is not provided, the IT leadership services MNIT delivers to agencies will be impacted.

Some examples of potential impacts include the following. MNIT oversight functions such as the State CIO Office, The Minnesota Geospatial Intelligence Office (MnGeo), and Security will not be able to maintain the current levels of leadership services to agencies supported by MNIT General Fund appropriations. Also, Technology Transformation leadership will be unable to fully perform their innovation and technology transformation goals.

Proposal:

The Governor recommends increasing agency operating budgets to support maintaining the delivery of current services. For MNIT, this funding will cover increases in compensation costs because of labor contract settlements and other non-compensation related operating costs (software, travel, enterprise services) needed to maintain current levels of leadership services provided to agencies through general funds (State CIO Office, MnGeo,

Security, and Technology Transformation leadership). The funding will cover employee compensation growth (salaries and benefits), software, and cost increases of IT services.

Results:

This proposal is intended to allow MNIT to continue to provide current levels of service.

Minnesota IT Services (MNIT)

FY 2024-25 Biennial Budget Change Item

Change Item Title: Cash Flow Assistance

Fiscal Impact ($000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	0
FTEs	**0**	**0**	**0**	**0**

Recommendation:

The Governor recommends authorization of cash flow assistance for Minnesota IT Services (MNIT) of up to $50 million for the FY 2024-2025 biennium and repayment with interest by the end of the fiscal year 2025 closing period.

Rationale/Background:

Minnesota Management and Budget (MMB) is authorized by Minnesota Statute 16A.129 to provide cash flow assistance to agencies within a budget period. In 2013, MMB was specifically authorized to provide cash flow assistance to MNIT (2013 Statutes, 16E.14 MN.IT Services Revolving Fund Subd. 4. Cash Flow)

The assistance was authorized to address working capital needs due to a lengthy cash conversion cycle: the time between MNIT incurring expenses on behalf of agencies (such as procurement and payroll expenses) and receipt of agency payments for those expenses. MNIT has learned over the past several years that the volume of purchases processed on behalf of larger agencies places significant pressure on the cash flow conversion cycle. The current cash conversion cycle ranges between 30-90 days.

There is no net cost impact to the general fund since this is a cash assistance that will be repaid with interest.

Proposal:

Cash flow assistance has been requested and included in session language in prior years. While this proposal relates to fiscal policy, it does not require any new appropriations. All funds will be repaid with interest to MMB by fiscal year 2025 closing period date. MNIT bills in arrears and has a current cash conversion cycle that ranges from 30-90 days. The proposed cash assistance is needed to manage MNIT's cash flow effectively.

Equity and Inclusion:

The request for cash flow assistance and the amended timelines do not impact equity and inclusion.

IT Related Proposals:

There are no project costs or funding recommendations associated with this proposal.

Statutory Change(s):

This proposal does not require statutory changes.

Minnesota IT Services (MNIT)

FY 2024-25 Biennial Budget Change Item

Change Item Title: Executive Branch Digital Media Services

Fiscal Impact ($000s)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund				
Expenditures	1,000	1,500	1,500	1,500
Revenues	0	0	0	0
Other Funds				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	1,000	1,500	1,500	1,500
FTEs	9	9	9	9

Recommendation:

The Governor recommends $1,000,000 in FY 2024, and $1,500,000 in FY 2025 and thereafter to create and staff a Digital Media Services Office to communicate important information to Minnesotans through the medium of broadcast and recorded video. The Office would be a full-service multimedia provider for executive branch agencies, enabling them to share messages efficiently, effectively, and cohesively using shared resources. The Office will help ensure that all Minnesotans receive critical information from state government, and it will help state leaders communicate with employees, the press, and the public through enhanced digital media and broadcast tools.

Rationale/Background:

Since the COVID-19 pandemic arrived in Minnesota, the need for high-quality video production, reliable live feeds for meetings and public events, and enhanced audio/video capabilities have skyrocketed across the state enterprise. According to 2022 research from HubSpot, videos have the highest return on investment of any media format and are used by 47% of the private sector. Whether for internal or external communications, the State of Minnesota would benefit from a modern, centralized digital media office to effectively communicate what Minnesotans need to know in a format that they prefer. Centralized digital media services will ensure the state enterprise is meeting the needs of employees, the press, and the public and ensure that Minnesotans can get the information they need from state government and further the missions of executive branch agencies.

Proposal:

The funding recommended in this proposal will create a new Digital Media Services Office within Minnesota IT Services (MNIT) to offer video production and broadcast services to executive branch agencies. Video and broadcast production requires investments in specialized expertise and equipment. Only a few agencies have the funding, demand, and space for this media, but all state agencies would benefit from the expanded use of video production facilities and expertise. This proposal would create an office that would have the expertise and capacity to offer a variety of services to all executive branch agencies.

- The Office will have the equipment and expertise to hold live or recorded video and broadcast events off-site or in a studio setting, with a professional sound, lighting, and production value.
- The Office will create or improve a state-managed studio space that can be used to record video or hold broadcast events. The space(s) will be able to accommodate press events and audio/video productions and have the equipment to produce media using a variety of backgrounds and formats.
- Using a train-the-trainer approach, the Office would develop recommendations and train state agencies on broadcast software and provide equipment for rental to state agencies. The Office would also be a

resource for state employees to consult for other video and broadcast needs, such as capturing videos at home and how to use specialized equipment.

- The Office would improve the accessibility of video and broadcast media by distributing content that follows digital accessibility standards such as captioning, interpretation, and transcripts.
- The Office would manage the post-production of broadcast events and videos it is responsible for, including editing and storage of videos, a distribution that adapts across platforms like social media, and motion graphic design that complies with State of Minnesota branding.

The Office will use the funding to create or improve an existing production facility and includes staff to direct, produce, and edit multimedia productions. Professional/technical contracts will equip the studio with the adequate equipment for in-studio production, live event production, and any additional needs that planning may uncover. The Office will manage a booking system that state employees would use to request services.

Impact on Children and Families:
Enhanced communications capabilities would enable the State of Minnesota to share important information with parents and their families.

Equity and Inclusion:
This proposal would enhance the ability of state leaders to participate in and share events from all communities and reach citizens where they are at. This would improve our ability to include and recognize all Minnesotans. With a centralized service that follows digital accessibility best practices such as live interpretation and live captioning, the office would enable more agencies to create accessible media.

Tribal Consultation:
Executive branch communications support all communities, including our Native American tribes. While this proposal does not have a substantial direct effect on Tribal governments, it benefits them by enhancing communications and live events for all communities.

☐Yes
☒No

IT Costs
IT costs would include the software to edit, store, and broadcast videos, and the professional/technical contracts to create or improve an existing production facility.

Category	FY 2024	FY 2025	FY 2026	FY 2027
Payroll	$250,000	$250,000	$250,000	$250,000
Professional/Technical Contracts	$250,000			
Hardware	$250,000			
Software	$50,000	$10,000	$10,000	$10,000
Total	**$800,000**	**$260,000**	**$260,000**	**$260,000**
MNIT FTEs	2	2	2	2

Results:

Type of Measure	Name of Measure	Current Value	Date	Projected Value (without)	Projected Value (with)	Date
Quality	Percentage of executive branch videos that meet accessibility guidelines for captioning and transcripts	N/A	2023	15%	60%	2025
Quantity	Number of agencies, boards, councils, and commissions that have consistent access to video and/or broadcast services	N/A	2023	9	40	2025

Statutory Change(s):

Not applicable.

https://mn.gov/mnit/

AT A GLANCE

- Enterprise and shared IT services provided to agencies through rates
- Data center management for 4 enterprise data centers
- Service desk and desktop support for 40,000 customers
- Enterprise communication/collaboration tools for 38,500 users
- MNET (Minnesota's Network for Enterprise Telecommunications)- the State network for education, local governments, and agencies with over 1,700 locations in 300+ cities
- Local and long-distance telephone service delivered by more than 85 different vendors to 100 customers

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PURPOSE AND CONTEXT

This activity meets the need for an effective, secure and reliable IT infrastructure capable of providing the wide range of IT services and business functionality required by agencies to meet program goals and objectives. The activity is comprised of both enterprise standard services and those that are provided at the agency-based office level. The primary customers are state government entities and, by extension, the citizens of Minnesota.

SERVICES PROVIDED

IT Services includes all the computing, telecommunications, network, and security services that underlie and support the program applications upon which state agencies rely:

- Mainframe and server infrastructure required to run agency applications, as well as data center management
- Client Computing (worker support): Service Desk, Mobile Device Management, Workstation Management
- Contracted Telecom Services: local and long-distance voice services contracted through third party telephone vendors
- Internet protocol (IP): provide voice over internet phone capabilities through both hard and soft phone solutions to state agencies
- Contact Center Minnesota: call center providing customer solutions
- Wide Area Network Services (WAN): services that enable the use of the state's communications network for voice, data, and video
- Local Area Network (LAN): communications network connecting devices within a building or campus
- M365: Microsoft Teams, Power Platform, email, instant messaging, collaboration tools, video and voice conferencing
- Web hosting services
- Enterprise Web Content Management Services enabling 580 web masters and content producers at agencies to stand up websites and publish web content for constituents
- Security: Web Application Firewall (WAF) Security, Minnesota Enterprise Identity and Access Management (MNEIAM), Vulnerability Management and eDiscovery
- Oversight, direction, and guidance for agency-based application development through the Enterprise Project Management Office (ePMO) and the Enterprise Services Project Management Office (ESPMO)

Priorities are aimed at making the IT infrastructure more efficient so we can focus MNIT's staff, budget and creativity on the application-layer services that most directly make a difference for customers and citizens. Priorities for the coming biennium include:

- Pursue IT Modernization efforts through the upgrading of identity and access management, application modernization efforts and enhancing service delivery and the customer experience.
- Upgrade our Identity and Access Management system to a cloud-based solution to better manage authorizations and privileges for applications and systems.
- Increase resiliency and versatility in the State network core in order to improve performance and to facilitate the movement to cloud-based services.
- Implement an enterprise system to manage and visualize state's emergency response, continuity of operations, and disaster recovery efforts with central dashboards to ensure resiliency is well managed.
- Modernize the common mobile device management service to manage state and personally owned mobile devices that are permitted to have access to state resources and data.
- Operate and optimize the centrally managed service desk and work management function for all executive branch agencies.
- Modernize web platform to enable artificial intelligence chatbots, and search capabilities to extend dynamic engagement of state web content by constituents.
- MNIT's CloudRAMP enterprise project is designed to help the state implement its Intentional Cloud Approach that embraces a cloud-centric strategy that provides an environment that is flexible, secure, stable, and supportable. Migration of infrastructure to a cloud environment will afford MNIT enhanced flexibility and the ability to rapidly respond to changes in customer demand while also reducing data center space, equipment, and power requirements.
- Promote people-centered digital government services and elevate Minnesota's Digital Estate by building a dedicated data management program that is more consumable and actionable through data visualization tools.
- Implement an enterprise application portfolio management system to ensure that the State's application portfolio that serves all agencies and millions of Minnesotans, is well managed.
- Leverage investment in cloud based M365 infrastructure to advance the availability and adoption of collaboration tools across the enterprise, e.g. Microsoft Teams, Power Platform. Microsoft Dynamics 365, SharePoint.
- Enhance and invest in our ability to support the state's hybrid and remote workforce.
- Embed security functionality and monitoring into enterprise infrastructure services such as hosting and storage.
- Improve MNIT's capabilities in endpoint detection technology that is integrated with the Security Operations Center (SOC).
- Advance service maturity through process improvement and establishing a culture of continuous improvement and fostering transparency around MNIT's performance.
- Master lease of capital equipment.

RESULTS

Type of Measure	Name of Measure	Previous	Current	Dates
Quantity	Number of data centers	14	4	FY 2020, FY 2022
Quality	Digital State Survey by the Center for Digital Government, a review of all 50 states' electronic government capabilities	A-	A-	Sept 2018, Sept 2020
Quality	% of MNIT services rated as 'Similar Value' to 'Highest Value' vis a vis other states as determined by independent rates analysis study	92%	90%	FY 2020-21 Rates, FY 2022-23 Rates
Results	State network core. On an annual basis, the percent of time the network is available to users.	99.99%	99.99%	FY 2020, FY 2021
Quality	Webhosting Uptime	99.7%	99.9%	FY 2020 FY2021 FY2022
Quality	Maintain a mean time to resolution of reported problems or incidents of under one day	0.8 days	0.65 days	FY 2021, FY 2022

MNIT Services legal authority comes from M.S. 16E
(https://www.revisor.leg.state.mn.us/statutes/?id=16E&view=chapter)

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY24**	**FY25**
Expenditures by Fund								
1000 - General							10,685	22,910
5000 - Master Lease	9,421	8,558	8,535	15,170	15,644	16,575	15,644	16,575
5500 - MN IT Services	197,090	202,273	197,546	215,260	230,518	233,495	230,518	233,495
Total	**206,511**	**210,831**	**206,081**	**230,430**	**246,162**	**250,070**	**256,847**	**272,980**
Biennial Change				19,169		59,721		93,316
Biennial % Change				5		14		21
Governor's Change from Base								33,595
Governor's % Change from Base								7
Expenditures by Category								
Compensation	93,190	97,552	98,842	101,894	115,829	117,319	116,704	119,419
Operating Expenses	92,225	92,717	88,643	101,947	109,670	111,157	119,480	131,967
Capital Outlay-Real Property	9,181	8,701	8,652	15,420	15,644	16,575	15,644	16,575
Other Financial Transaction	11,915	11,860	9,944	11,169	5,019	5,019	5,019	5,019
Total	**206,511**	**210,831**	**206,081**	**230,430**	**246,162**	**250,070**	**256,847**	**272,980**
Full-Time Equivalents	**758.60**	**773.38**	**758.08**	**778.00**	**860.00**	**860.00**	**865.00**	**865.00**

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY24**	**FY25**
1000 - General								
Direct Appropriation							10,685	22,910
Expenditures							**10,685**	**22,910**
Biennial Change in Expenditures				0		0		33,595
Biennial % Change in Expenditures								
Governor's Change from Base								33,595
Governor's % Change from Base								
Full-Time Equivalents							5.00	5.00
5000 - Master Lease								
Receipts	9,421	8,558	8,535	15,170	15,644	16,575	15,644	16,575
Expenditures	**9,421**	**8,558**	**8,535**	**15,170**	**15,644**	**16,575**	**15,644**	**16,575**
Biennial Change in Expenditures				5,726		8,514		8,514
Biennial % Change in Expenditures				32		36		36
Governor's Change from Base								0
Governor's % Change from Base								0
5500 - MN IT Services								
Balance Forward In	27,584	37,993	38,896	30,308	35,074	35,931	35,074	35,931
Receipts	214,291	193,725	198,356	229,868	244,203	244,203	244,203	244,203
Transfers In			0					
Transfers Out	8,007	9,302	9,398	9,842	12,828	12,828	12,828	12,828
Balance Forward Out	36,778	20,143	30,308	35,074	35,931	33,811	35,931	33,811
Expenditures	**197,090**	**202,273**	**197,546**	**215,260**	**230,518**	**233,495**	**230,518**	**233,495**
Biennial Change in Expenditures				13,444		51,207		51,207
Biennial % Change in Expenditures				3		12		12
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	758.60	773.38	758.08	778.00	860.00	860.00	860.00	860.00

Program:　　**IT for Minnesota Government**
Activity:　　**Applications, Projects and Initiatives**
https://mn.gov/mnit/

AT A GLANCE

- Responsible for management and oversight of 2,080 agency applications
- MNIT's FY 2022 project portfolio included:
  - About 315 actively managed projects at any point in time.
  - 120 agency-funded Information and Telecommunications Account (ITA) project budgets addressing specific agency needs—$44.4M budgeted in FY 2022.
- Special revenue initiatives set aside for a specific purpose

PURPOSE AND CONTEXT

Minnesota IT Services (MNIT) is responsible for the development, implementation and management of Executive Branch agency IT applications. These activities focus on the development of Minnesota resident-facing systems, as well as smaller, internal systems development, upgrades, and operational improvements. One example of a resident-facing system is the Department of Employment and Economic Development's online Unemployment Insurance self-service system, which enables Minnesota residents to apply for and obtain unemployment insurance benefits. MNIT's Enterprise Engagement Project Management Office (EEPMO) and the Enterprise Technology Delivery Project Management Office (ETDPMO)—funded by enterprise rates—provide support, direction, and guidance for these IT activities.

SERVICES PROVIDED

The Office of Transformation and Strategy initiatives include all activities related to the delivery of business outcomes. This work incudes working with agencies on idea prioritization, business solutions architecture, human-centered design, solution procurement, development, implementation, and supporting Executive Branch IT applications and its project portfolio. Specific examples are:
- Agency applications and projects
- Special revenue-initiatives set aside for a specific purpose
  - Procurement group that negotiates software license agreements on behalf of the enterprise
  - Special appropriation that addresses enterprise accessibility requirements-Telecommunications Access MN (TAM)
  - Medicaid Management Information System (MMIS) Service Contract (DHS)
  - Enterprise e-licensing surcharge account
  - Homeland Security grant
  - Local government cybersecurity

MNIT's priorities this biennium are to optimize the value of business outcomes through application- and project-delivery, include the following:
- Implement Technology Advisory Council (formerly Governor's Blue Ribbon Council on IT) recommendations related to project/product and portfolio management in partnership with agency leadership:
  - Administer biennium capability gaps assessment and develop a short- and a long-term roadmap of practice improvements

- o Monitor continuous maturity and adoption of the Modernization Playbook through the governance structure implemented a plan to drive, govern, and measure adoption and acceptance of the playbook
- Implement Portfolio Intelligence and Analytics capability to drive the standardization of data collection in the Project Portfolio Management tool.
    - o Rollout Executive Branch Technology portfolio real-time dashboard and improve communications and transparency with agency executives and other stakeholders, including the Governor's Office.
- Mature the project portfolio programs by standardizing methodologies and processes throughout MNIT, and establishing buy-in and direction with MNIT's Project Management Office (PMO) community around:
    - o Common processes
    - o Improved communication on project portfolio
    - o Measures of success/value delivered
    - o Common methodologies
    - o Common artifacts for managing and reporting on projects and initiatives
    - o Standard tools e.g., Online reporting capability
- Implement a Risk-Mitigation review board to identify early potential risks and recommend strategies to ensure projects/initiatives are successfully delivered.
- Implement a Project to Product Management (P2P) framework and modernize how MNIT delivers on business outcomes. This methodology ensures early and frequent delivery of value to the business and all Minnesotans.
    - o Develop a P2P playbook
    - o Conduct 2-3 pilots with separate agencies
    - o Rollout Product Management methodology across all Executive Branch agencies
- Build a roadmap for development of an Enterprise architecture capability
- Develop an application portfolio modernization strategy
- Create a complete application-inventory with a technical health component

RESULTS

Type of Measure	Name of Measure	Previous	Current	Dates
Quality	Percent of Projects Reporting Green Status	73%	72%	FY 2020, FY 2022
Quantity	Completed projects	179	137	FY 2020, FY 2022

MNIT Services legal authority comes from M.S.16E (https://www.revisor.leg.state.mn.us/statutes/?id=16E&view=chapter).

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY24**	**FY25**
Expenditures by Fund								
1000 - General	34						21,000	21,000
2000 - Restrict Misc Special Revenue	1,076	1,133	2,888	1,105	1,816	869	1,816	869
2001 - Other Misc Special Revenue	353,623	368,148	383,493	387,156	390,501	385,395	390,501	385,395
3010 - Coronavirus Relief	6,856	370						
Total	**361,589**	**369,650**	**386,382**	**388,261**	**392,317**	**386,264**	**413,317**	**407,264**
Biennial Change				43,403		3,938		45,938
Biennial % Change				6		1		6
Governor's Change from Base								42,000
Governor's % Change from Base								5
Expenditures by Category								
Compensation	219,761	229,031	234,856	240,051	259,590	261,216	261,590	263,216
Operating Expenses	133,589	133,598	144,511	144,186	127,659	119,980	146,659	138,980
Grants, Aids and Subsidies	7							
Capital Outlay-Real Property	677	2,156	3,674		1,154	1,154	1,154	1,154
Other Financial Transaction	7,556	4,866	3,340	4,024	3,914	3,914	3,914	3,914
Total	**361,589**	**369,650**	**386,382**	**388,261**	**392,317**	**386,264**	**413,317**	**407,264**
Full-Time Equivalents	**1,637.20**	**1,641.94**	**1,648.47**	**1,677.66**	**1,801.66**	**1,789.66**	**1,803.66**	**1,794.66**

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY24**	**FY25**
1000 - General								
Balance Forward In	34							
Direct Appropriation							21,000	21,000
Expenditures	**34**						**21,000**	**21,000**
Biennial Change in Expenditures				(34)		0		42,000
Biennial % Change in Expenditures								
Governor's Change from Base								42,000
Governor's % Change from Base								
Full-Time Equivalents							2.00	5.00

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY24**	**FY25**
2000 - Restrict Misc Special Revenue								
Balance Forward In	4,220	3,491	3,041	2,034	1,455	229	1,455	229
Receipts		355	1,541	186	250	300	250	300
Transfers In	340	328	340	340	340	340	340	340
Balance Forward Out	3,484	3,041	2,034	1,455	229		229	
Expenditures	**1,076**	**1,133**	**2,888**	**1,105**	**1,816**	**869**	**1,816**	**869**
Biennial Change in Expenditures				1,784		(1,308)		(1,308)
Biennial % Change in Expenditures				81		(33)		(33)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	3.35	3.04	2.58	2.66	2.66	2.66	2.66	2.66

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY24**	**FY25**
2001 - Other Misc Special Revenue								
Balance Forward In	39,202	26,285	59,071	44,289	20,582	5,085	20,582	5,085
Receipts	338,621	358,399	368,621	363,449	375,004	381,057	375,004	381,057
Transfers In		40,838	150					
Transfers Out		412	60					
Balance Forward Out	24,200	56,963	44,289	20,582	5,085	747	5,085	747
Expenditures	**353,623**	**368,148**	**383,493**	**387,156**	**390,501**	**385,395**	**390,501**	**385,395**
Biennial Change in Expenditures				48,879		5,247		5,247
Biennial % Change in Expenditures				7		1		1
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	1,633.85	1,638.37	1,645.89	1,675.00	1,799.00	1,787.00	1,799.00	1,787.00

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY24**	**FY25**

3010 - Coronavirus Relief

Direct Appropriation	6,856	370						
Expenditures	**6,856**	**370**						
Biennial Change in Expenditures				(7,226)		0		0
Biennial % Change in Expenditures				(100)				
Governor's Change from Base								0
Governor's % Change from Base								
Full-Time Equivalents		0.53						

Program: IT for Minnesota Government
Activity: Leadership
https://mn.gov/mnit/

AT A GLANCE

Leadership includes general funded functions that support the enterprise:
- State Chief Information Officer (CIO) office (strategy, direction, planning)
- Enterprise Security Services
- Minnesota Geospatial Information Office
- Office of Transformation and Service Delivery

PURPOSE AND CONTEXT

IT leadership covers the administrative and oversight functions of an agency with more than 30 locations. It provides the management strategy and high-level tactics that help MNIT Services fulfill its mission and provides organizational management based on the agency's key priorities. IT leadership also develops and guides IT optimization priorities and projects. Key partners include the Governor's Office, the legislature, agency business leadership, and MNIT services management and staff.

SERVICES PROVIDED

The CIO Office, Enterprise Security, Minnesota Geospatial Information Office, Transformation and Strategy Delivery Office provide the leadership, planning, and support that allow IT services to be delivered to customers in a high-value, cost-effective and safe manner. IT leadership funded by general appropriations for the FY 2022-23 biennium are:
- The State CIO Office provides the overall strategy, direction and planning over executive branch information technology. The strategic and tactical planning undertaken by the State CIO Office is charting a course to further adoption of our Connected Culture across the agency. This will enhance IT service delivery to Minnesotans across the state.
- The State CIO Office partners with the Technology Advisory Council (formerly Governor's Blue Ribbon Council on IT) as the collaboration between private sector IT experts and public sector leaders continues to develop recommendations for transforming IT service delivery in Minnesota.
- The Enterprise Security Office (ESO) provides the vision and strategy necessary to secure the state.
    - Implement the security foundation for the executive branch that includes a comprehensive Service Delivery Model, Policy and Standard Framework and an Information Security Strategic Plan.
    - Promote collaboration and partnerships with other levels, units, and branches of government, to more effectively address the increasing barrage of advanced and persistent threats.
    - Improve Minnesota's cybersecurity workforce through partnerships with academia, promotion of cybersecurity careers, and innovative programs like Scholarship for Service.
    - MNIT received an additional $5 million per year as an ongoing supplemental appropriation in FY 2020-21 for enhancements to cybersecurity across state government to provide for additional staff, professional technical services and software.
- The Minnesota Geospatial Information Office (MnGeo)'s primary role is to provide geospatial leadership, coordination and collaboration for the Minnesota geospatial community and for the state agencies on geospatial matters. This involves outreach and communication to and partnership with state agencies,

local and national government agencies, as well as with non-government organizations and citizens. It also involves data coordination efforts, especially stewardship of foundational statewide datasets, fostering use of data standards, and identification and prioritization of data gaps. These coordination efforts include MnGeo and several partners creating the Minnesota Geospatial Commons, https://gisdata.mn.gov, a collaborative place for users and publishers of geospatial resources about Minnesota. MnGeo's work using general fund appropriations are guided by recommendations from the Minnesota Geospatial Advisory Council (GAC).

- The Office of Transformation and Strategy Delivery houses MNIT's Transformation and Strategy Delivery programs. Together, these programs create informed and innovative approaches that enable executive branch agencies to deliver modern services to benefit Minnesotans. By promoting standard practices, incorporating organizational change, and celebrating shared accomplishments, the Transformation Program actively invests in the success of Minnesota's executive branch agencies. A key effort of the Transformation Program is to develop, implement, and promote the Modernization Playbook – a one-stop shop for state leadership, employees, and the public to find resources regarding IT modernization. The Strategy Delivery Program enables MNIT and its partnering agencies to execute technology projects in efficient and data-driven ways. Using project portfolio data, the Strategy Delivery team advises MNIT leadership and agency project managers in decision-making. This team ensures that project managers are aware of best practices and mindfully carry out projects to maximize the benefit to Minnesotans.

Type of Measure	*Name of Measure*	*Previous*	*Current*	*Dates*
Quantity	IT Spend percent of total expenditures by state agencies subject to consolidation. By comparison, Gartner, a marketing research firm, reported IT Spend (as a % of expenditures) of 2.2% for state/local government entities (greater than $10B in expenditures) Note: IT Spend ratio to expense is a key measure of the amount of IT resources relative to the size of an organization. Therefore, it can be seen as a measure of IT efficiency and relative IT funding.	1.6%	1.5%	FY 2020, FY 2021
Quantity	Number of agencies contributing data to the Geospatial Commons	45	46	FY 2020, FY 2021
Quantity	Number geospatial resources on the Geospatial Commons	897	989	FY2020 FY2022

MNIT Services legal authority comes from M.S. 16E (https://www.revisor.leg.state.mn.us/statutes/?id=16E&view=chapter)

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY24**	**FY25**
Expenditures by Fund								
1000 - General	4,416	8,640	7,924	11,813	9,232	9,232	23,830	32,730
Total	**4,416**	**8,640**	**7,924**	**11,813**	**9,232**	**9,232**	**23,830**	**32,730**
Biennial Change				6,680		(1,273)		36,823
Biennial % Change				51		(6)		187
Governor's Change from Base								38,096
Governor's % Change from Base								206
Expenditures by Category								
Compensation	2,693	3,667	4,314	5,264	4,920	4,969	6,928	8,932
Operating Expenses	1,635	4,593	3,603	6,417	4,305	4,256	14,096	18,355
Grants, Aids and Subsidies							399	5,436
Capital Outlay-Real Property	62	378		120			2,400	
Other Financial Transaction	25	2	6	12	7	7	7	7
Total	**4,416**	**8,640**	**7,924**	**11,813**	**9,232**	**9,232**	**23,830**	**32,730**
Full-Time Equivalents	**20.48**	**25.67**	**27.53**	**35.16**	**31.70**	**31.70**	**45.70**	**45.70**

(Dollars in Thousands)

	Actual	Actual	Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY20	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY24**	**FY25**
1000 - General								
Balance Forward In		3,325		1,931				
Direct Appropriation	7,679	7,679	9,855	9,882	9,232	9,232	23,830	32,730
Transfers In		379						
Transfers Out		2,360						
Cancellations		383						
Balance Forward Out	3,263		1,931					
Expenditures	**4,416**	**8,640**	**7,924**	**11,813**	**9,232**	**9,232**	**23,830**	**32,730**
Biennial Change in Expenditures				6,680		(1,273)		36,823
Biennial % Change in Expenditures				51		(6)		187
Governor's Change from Base								38,096
Governor's % Change from Base								206
Full-Time Equivalents	20.48	25.67	27.53	35.16	31.70	31.70	45.70	45.70

Minnesota IT Services (MNIT)

IT Services
MN IT Services (5500) Fund
Revenues, Expenses and Changes in Net Assets
(Dollars in Thousands)

	Actual FY 2022	Projected FY 2023	Projected FY 2024	Projected FY 2025
Operating Revenues:	206,452	229,868	244,203	244,203
Net Sales				
Rental and Service Fees				
Insurance Premiums				
Other Income				
Total Operating Revenues	206,452	229,868	244,203	244,203
Gross Margin	206,452	229,868	244,203	244,203
Operating Expenses:				
Purchased Services	79,457	89,674	97,926	99,996
Salaries and Fringe Benefits	99,092	101,894	115,829	117,319
Claims				
Depreciation	14,552	9,653	12,639	12,639
Amortization				
Supplies and Materials	19,117	21,912	15,007	14,424
Indirect Costs	1,201	1,235	1,235	1,235
Other Expenses	11			
Total Operating Expenses	213,430	224,368	242,636	245,613
Operating Income (Loss)	(6,978)	5,500	1,567	(1,410)
Nonoperating Revenues (Expenses):				
Investment Income	80			
Interest and Financing Costs	(389)	(545)	(521)	(521)
Other Nonoperating Expenses				
Gain (Loss) on Disposal of Capital Assets	(5)			
Total Nonoperating Revenues (Expenses)	(314)	(545)	(521)	(521)
Income (Loss) Before Transfers and Contributions	(7,292)	4,955	1,046	(1,931)
Capital Contributions				
Transfers in				
Transfers out	(126)	(189)	(189)	(189)
Change in Net Assets	(7,418)	4,766	857	(2,120)
Net Assets, Beginning as Reported	38,926	31,508	36,274	37,131
Net Assets, Ending	31,508	36,274	37,131	35,011
Rate increase/(decrease)				
Full Time Equivalents (FTE)	758.0	778.0	860.0	860.0

Minnesota IT Services (MNIT)

IT Services
MN IT Services (5500) Fund
Net Assets
(Dollars in Thousands)

	Actual FY 2022	Projected FY 2023
ASSETS		
Current Assets:		
Cash and Cash Equivalents	65,375	61,315
Investments		
Accounts Receivable	34,887	46,891
Accrued Investment/Interest Income		
Inventories		
Deferred Costs		
Prepaid Expenses	7,236	7,236
Total Current Assets	107,498	115,442
Noncurrent Assets:		
Deferred Costs		
Depreciable Capital Assets (Net)	25,759	30,357
Prepaid Expenses	1,403	1,403
Total Noncurrent Assets	27,162	31,760
Total Assets	134,660	147,202
LIABILITIES		
Current Liabilities:		
Accounts Payable	15,661	15,661
Interfund Payables	50,000	50,000
Unearned Revenue	2,616	206
Loans Payable	8,166	9,677
Compensated Absences Payable	1,331	1,331
Other Liabilities	4,563	4,563
Total Current Liabilities	82,337	81,438
Noncurrent Liabilities:		
Loans Payable	9,820	18,496
Compensated Absences Payable	10,850	10,850
Other Liabilities	144	144
Total Noncurrent Liabilities	20,814	29,490
Total Liabilities	103,151	110,928
NET ASSETS		
Invested in Capital Assets,		
Net of Related Debt	2,733	2,184
Unrestricted	28,775	34,090
Total Net Assets	31,508	36,274

Minnesota IT Services (MNIT)

IT Services
MN IT Services (5500) Fund

Brief Narrative

Background:
MNIT (Fund 5500) operates as an internal service fund and provides enterprise IT services mainly to the executive branch and some enterprise services to other Minnesota government customers.

Detail of any loans from the general fund, including dollar amounts:
MNIT has a Cash Assistance loan from Minnesota Management & Budget as per Minnesota Statutes, section 16A.671, subdivision 3, paragraph a) which is repayable at the end of the biennium. MNIT intends to request a new cash assistance loan for FY24-25.

Proposed investments in technology or equipment of $100,000 or more:
The FY24-25 budget includes both investments in technology (software) and in equipment. Software investments such as Dynatrace, Web Application Firewall, Power Platform, Metallic Cloud Storage and M365 are aimed at enhancing IT enterprise service delivery. Master Lease covers expenditures for procurement of local area network (LAN) hardware, server hardware, storage equipment, security equipment, and related expenditures associated with equipment purchases.

Explanation of changes in net assets (formerly retained earnings increases, operating losses):
Net Asset change from FY22 to FY24 was impacted by several key factors: salary and vendor inflationary increases, volume increases reflecting a shift to cloud-based services, service enhancements (M365, Power Platform, Cloud and Dynatrace), net expense transfers from agencies as IT infrastructure is consolidated into enterprise rates for the remaining Wave 3 agencies, and investments in cybersecurity. Salary increases were attributable to carry-forward of FY22/23 COLA and projected insurance cost increases as well as Wave 3 agency staff transfers. Significant increases in the Microsoft contract took place starting in FY23. In terms of volume shifts there is an ongoing fundamental shift in technology infrastructure away from traditional data centers and related onsite hosting to cloud, virtual, and externally hosted applications, and services. In FY24 the third and final wave of infrastructure consolidation will be completed. Despite significant benefits, transitioning a large group of agencies to centralized financial management and consolidated service offerings is a complex undertaking. This is especially true with forecasting and budgeting for the immediate periods following consolidation activities. In the short run the cloud migration impacts data center capacity and physical space requirements. At the same time the ongoing effects of the COVID 19 pandemic significantly increased workstation, web and telecommunications volumes as workers migrated to a remote/hybrid environment. It is difficult to predict the timing of the cloud transition and therefore how volumes and expenses will be impacted in the short term. Consequently, while MNIT finance is focused on financial optimization and more predictive modeling over the next biennium, we expect above normal levels of variances owing to the challenges of consolidation, the ongoing effects of COVID 19, the rapidly changing technology environment, and increasing cybersecurity threats. MNITs expectation is for these variations to subside in future years.

Explain any reasons for rate changes:

For the FY24-25 rate package, MNIT continued to establish rates based upon forecasted volumes and expenses. Volumes are based upon agency demand estimates and expenses considering contractual salary and vendor cost increases. There were notable changes in FY24-25 agency forecasted service volumes reflecting the trend away from dedicated onsite hosting services to cloud and virtualized hosting services. This trend has resulted in lower usage of existing data center capacity. FY24-25 total budgeted costs increased 19% from the FY22-23 budget. Salary/fringe costs increased due to carry-forward of FY22/23 COLA, increased insurance and workers comp and agency staff transfers. Non salary costs were primarily impacted by software increases, notably Microsoft and VMware, and non-salary agency transfers. Overall, most key rates experienced moderate increases and decreases but, there were a handful of rates that had more significant increases and decreases owing to inflation, volume changes and over-capacity issues that MNIT is actively addressing. Most notably the rate for enterprise software support (Tier 2) increased due to Microsoft contract increases, data center RUs (rack units) rate increased due to excess capacity while data storage (SAN) rate decreased because of consolidation and technology improvements. Product line margins are monitored within the biennium on a quarterly basis to assess potential over or under recovery that may require a rate adjustment or rebate/bill, separate from biennial rate setting. As a result of the quarterly review process, several enterprise service rates were adjusted in FY21 resulting in bills or rebates issued to agencies. A FY22 mid-year rate adjustment for Telecom Interpretive Service was implemented in FY22. Enterprise Software Tier 2 Support and Admin Charge rate changes were approved and implemented as of July 1, 2022. Additional rebates will be issued in FY23 for the over recovery in FY22 in the following services: mainframe, storage, WAN, and MNEIAM as well as

Impact of rate changes on affected agencies:

As part of the FY24-25 rate setting process MNIT prepares a schedule for agencies summarizing the estimated net impact of what they will pay for enterprise IT services in FY24 versus what they were budgeted to pay in FY22. The overall difference is divided into the following categories: change due to increased volume, change due to rates, change due to admin costs, and change due to cost services. The primary changes result from inflation (Microsoft contract, FY22-23 COLA carry-forward), net agency infrastructure transfers from remaining agencies, increased volume (Microsoft Azure cloud ramp), service enhancements and increased cybersecurity costs. As mentioned above product line margins are monitored within the biennium on a quarterly basis to assess potential over or under recovery that may require a rate adjustment or rebate/bill, separate from biennial rate setting. We anticipate that MNIT will continue to adjust some rates and/or issue rebates/bills to agencies during FY24/25 as we monitor product line margins on a quarterly basis.