

Modernizing public services: The Technology Modernization Fund's role in funding change



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Executive summary

Minnesota leads one of the most ambitious modernization efforts in the nation, actively reimagining how public services are delivered—and Minnesotans are seeing the results statewide. Residents expect government services to be simple, secure, and accessible anytime, anywhere.

To meet this demand and reduce the backlog of aging technology, the Minnesota Legislature created the Technology Modernization Fund (TMF) in 2023, investing \$40 million over four years. Minnesota IT Services (MNIT) administers the TMF, using it to provide flexible, enterprise-level funding that transforms the digital experience of public services.

In the past, limited funding options prevented agencies from addressing persistent modernization needs, especially for small and mid-scale systems. MNIT's funding model, which relies on direct payments from agencies for more than 98% of its budget, restricted the ability to invest in upgrades.

As a result, many high-volume, public-facing tools that Minnesotans use daily remained outdated.

The TMF transforms how agencies improve digital services for Minnesotans. It gives them the funding to move quickly and make changes at scale. MNIT uses this investment to deliver public services more efficiently, improve accessibility, and better respond to the needs of partner organizations. These initiatives modernize infrastructure, streamline processes, and introduce innovative solutions—all with the goal of delivering meaningful benefits to communities across the state.

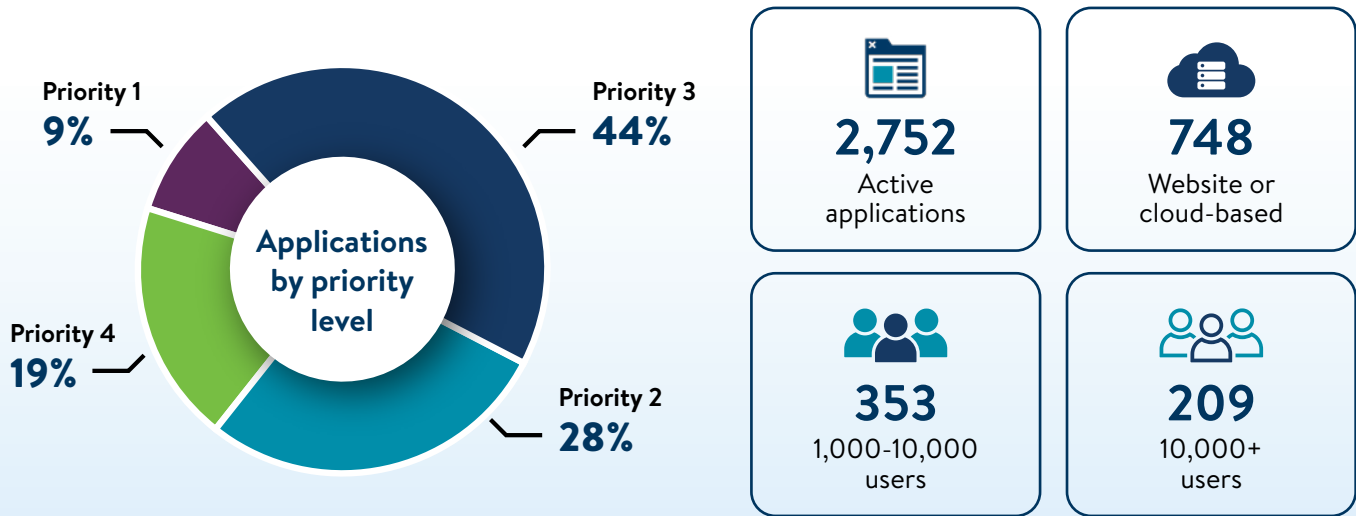
Why it matters: In its first two years, the TMF funded 37 projects across 25 agencies, unlocking \$18.3 million in digital improvements that are now expanding access, streamlining services, and improving usability for millions of Minnesotans statewide.

The big modernization idea

Minnesotans increasingly expect government services to be as modern, intuitive, and responsive as the digital solutions they receive in the private sector. They want to renew licenses online, request vital records from home, plan transit trips from their phones, and complete business transactions without navigating outdated forms or visiting a government office. But the reality for many residents has fallen short of those expectations.

The State of Minnesota manages more than 2,700 applications and digital tools, many of which were built on now aging technology, which was used to develop heavily customized applications to meet then-existing demands.

The systems that once served agencies well have been adapted to respond to laws or business processes that they weren't built to support. As a result, the technical debt in relatively small-scale applications builds over time and increases the risk to cyber attacks because of using non-current technologies. In addition, the reliance on now-outdated, custom-developed systems limits state agencies from realizing the full potential of technology to transform government and offer the experiences Minnesotans deserve.



Application portfolio management provides a structured approach for developing and managing the State of Minnesota’s enterprise IT software applications and software-based services.

Lack of flexible funding makes the problem more urgent. With over 98% of MNIT’s budget generated from direct charges to agency partners, there is little financial room for proactive modernization, especially for smaller systems that serve niche but essential purposes. These conditions trap agencies in a cycle of maintenance rather than innovation—leaving outdated digital tools in place and Minnesotans underserved.

MNIT created the TMF to break that cycle. It solves a critical business problem by giving state agencies a responsive, centralized mechanism to modernize digital services—focusing on efforts that improve public-facing experiences, strengthen cybersecurity, and increase government responsiveness. This matters because the gap between expectations and government capabilities will only widen without action. When services are difficult to access or navigate, the consequences are significant: Minnesotans miss deadlines, experience delays in accessing benefits or records, and lose trust in state institutions. For vulnerable populations, digital inaccessibility reinforces inequity. Modernizing these systems improves outcomes not just for individuals but for entire communities—and the state.

Every state faces growing demands to modernize systems, strengthen cybersecurity, and deliver seamless digital services to residents and businesses. Minnesota stands out for how it meets those demands. The state’s centralized, criteria-driven approach offers a proven model that other states can adopt and scale. By breaking down large-scale transformation into smaller, faster, and coordinated efforts, Minnesota proves that meaningful modernization doesn’t require massive overhauls—it requires strategic action, collaboration, and a clear path forward.

The TMF stands out because it recognizes that digital government is about more than just technology—it’s about access, trust, and impact at scale. By funding modern, equitable, and user-centered solutions across state agencies, the TMF redefines what residents can expect from their government: faster, simpler, and more secure digital experiences that meet people where they are and move the entire enterprise forward.

Implementing a new funding model

After receiving funding in May 2023, MNIT quickly went to work to enable funding access for agencies. The vision was clear: build a process that empowers state agencies to deliver high-impact, citizen-facing digital improvements—quickly, affordably, and at scale.

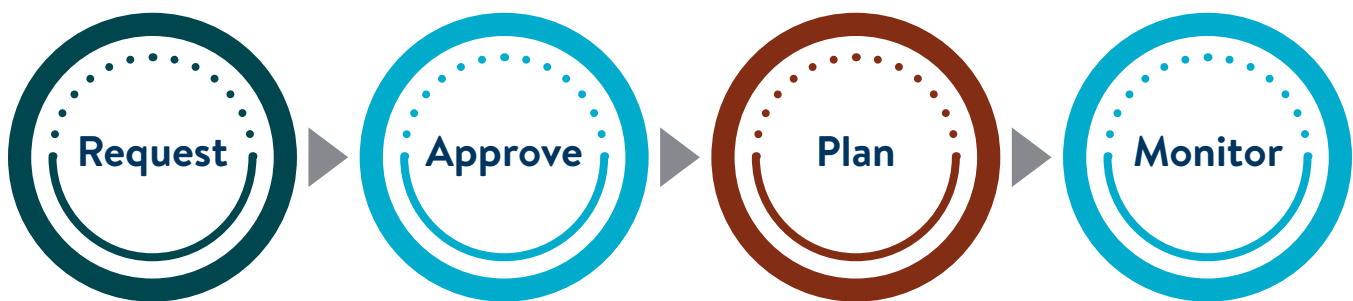
To achieve that, MNIT developed a distinct approach in both structure and execution. Unlike traditional funding, it uses a “shark tank”-style pitch process where agencies present project proposals to a cross-agency governance team. Proposals are evaluated on their potential impact, speed of delivery, and return on investment for the people of Minnesota.

With the TMF, MNIT can fund projects and efforts that modernize, secure, and improve the customer experience of executive branch technology systems. Approved projects align with state priorities and deliver meaningful results for Minnesotans.

The TMF prioritizes efforts that take less than one year to implement, cost less than \$1 million, and provide substantial business value, defined by meeting some or all of the following criteria:

- Enhances customer experience
- Improves digital service delivery
- Addresses a security risk
- Modernizes a business process
- Strengthens resiliency, operational efficiency, and/or risk reduction
- Aligns to the One Minnesota Plan
- Moves to a shared or market-based technology solution
- Leverages AI or automation to increase impact

How the program works



Submit interest in funding using **Request Form**.

Request reviewed on established criteria.

If viable, then **Proposal** is prepared.

Business case proposal is presented for approval.

If approved, requirements and milestones may be requested in the plan.

The **Plan Document** outlines the implementation plans.

Funds are distributed to teams tied to performance targets and phase gates.

Quarterly reviews of the approvals.

Reviewing objectives are being met for the committed funds.

● Office of Transformation and Strategy Delivery ● Modernization Steering Committee ● Commissioner Approval

Guiding leadership

To oversee the fund, MNIT created the Modernization Steering Committee (MST). This governance team reviews proposals, provides funding recommendations, and monitors progress.

The team uses a structured process to evaluate proposals based on feasibility and business value. Read more about key steps and criteria below.

- **Proposal review:** The team reviews proposals to ensure they have a solid business case or value proposition. This includes evaluating the clarity and conciseness of the problem definition, understanding the stakeholders and the impact on them, defining key results with estimated value, and assessing the confidence in the approach to delivering the recommendation with the necessary budget and resources.
- **Decision-making guidelines:** Each team member has an equal vote in the evaluation of proposals and other decisions.
- **Evaluation criteria:** Proposals are evaluated individually on their business case or value proposition, without comparing one proposal to another. The team does not consider the distribution across agencies or the funding history of the request.
- **Agency support:** The team evaluates the agency's support by requiring agency leadership to be present on proposal day, ensuring the proposal is supported and aligned to the agency strategy.
- **Monitoring funded work:** The team monitors the health of funded work to ensure that commitments are met. This includes reviewing the status of milestones, financials, and risks to the commitments made for funding.

Ongoing alignment

The program centrally funds executive and cross-agency projects to support coordinated, efficient resource allocation.

Approved projects use the Modernization Playbook, a common, end-to-end outline for consistent roles, language, and activities that help the State of Minnesota's IT systems and government programs work together efficiently to deliver value to the people of Minnesota.

Behind the scenes, TMF-funded projects draw on state IT staff, agency leaders, and external vendors as needed. While technical architectures vary, all projects prioritize reuse, scalability, and modular, cloud-optimized designs that can extend across agencies and use cases.

The TMF program aligns with agency priorities by requiring each request to be prioritized internally and presented by a commissioner-level leader and the Chief Business Technology Officer (CBTO). This process secures strategic alignment and high-level support for every proposal.

Modernization Playbook phases



Broad impact

The creation of the TMF has unlocked new capacity for state agencies to accelerate digital service improvements for Minnesotans. For the first time, agencies can advance critical changes to business systems that previously lacked dedicated funding—transforming outdated tools into modern, user-friendly solutions.

Through MNIT’s leadership, these modernization efforts are reshaping how government delivers services—making them faster, more accessible, and more responsive to the people and organizations they serve. From upgrading infrastructure and streamlining processes to launching innovative digital tools, TMF-funded projects are driving measurable improvements that benefit communities across the state.



125

Total requests



25

Agencies or cross-agencies represented



46

Proposals presented to MST



\$26.2M

Requested funds



37

Approved proposals



\$18.3M

Approved funds

Project highlights



New online ordering and e-payment system for vital records

Partnering agency: Minnesota Department of Health (MDH)

The Minnesota Department of Health is updating its website to include an online ordering process and e-payment mechanism that enables families and individuals, no matter where they are located, to purchase Minnesota birth and death certificates directly from the state. This system will provide a secure, convenient, and user-friendly “storefront” accessible via the MDH website. The storefront will be seamlessly integrated into existing MDH systems to ensure a smooth and efficient transaction experience for users.

The MDH Office of Vital Records will use the system exclusively; however, MNIT is building the system to allow future expansion to route orders to county vital records offices. The project also involves modernizing and expanding the existing web-based death record verification tool to

provide search and lookup capabilities of public records to assist customers in ordering death record products. In addition, a web-based birth record search and lookup tool has been developed and implemented to help customers order birth record products.

Value: The improvements will modernize the ordering process, reduce errors and manual tasks, save time for customers and MDH staff, and ensure a secure and smooth transaction experience without needing to visit in person or make a request through the mail or fax. **By improving the ease and security of these transactions, MDH aims to provide Minnesotans with faster, more convenient access to critical records.**



Transforming customer service using data

Partnering agency: Minnesota Department of Agriculture (MDA)

The Minnesota Department of Agriculture issues over 60 different credential types to over 65,000 credential holders (licenses, permits, certificates, or registrations). This project focuses on developing and implementing a Minimum Viable Product (MVP) to significantly expand the customers' ability to complete electronic applications, make payments, and conduct transactions with the MDA. Building upon MDA's recent implementation of a Salesforce Customer Relationship Management (CRM) system, this new system lays the foundation for a future online customer portal, enabling MDA customers to view and manage all their data and transactions across the agency.

The first phase began by focusing on the Live Plant Dealer Nursery Certificate, which went into effect Jan. 1, 2025. This new credential was not included

in MDA's legacy systems, so the team built it from scratch, developing customer accounts, fee calculations, and e-payment functionality. As this certificate replaces two older credentials, MDA can track progress and apply lessons learned to future e-licensing efforts, paving the way for continued improvements in service delivery.

Value: The development and implementation of the MVP e-licensing system marks a significant advancement in MDA's efforts to modernize its operations and enhance customer service, establishing a strong foundation for future digital innovations and customer engagement strategies.

By building capacity first, MDA can deliver modernized processes and improved customer experience at scale.



Advancing Mobility-as-a-Service in greater Minnesota

Partnering agency: Minnesota Department of Transportation (MnDOT)

Minnesotans in rural communities will find it easier to use public transit as the Minnesota Department of Transportation expands its Mobility-as-a-Service (MaaS) platform. The enhanced platform will allow riders to find, book, and manage trips through a mobile app or web-based trip planner. The expanded service area will grow the platform to include 13 public transit agencies, covering most of southern and western greater Minnesota.

Public transit is vital for reducing greenhouse gas emissions, but ridership – especially in rural areas – has struggled to recover after COVID-19. MnDOT research, conducted in partnership with the University of Minnesota, found that digital trip planning and payment tools encourage more people to use public transit. However, rural transit systems have historically lacked these kinds of technological solutions.

This project also supports broader transportation goals by connecting public transit with other mobility options such as shuttles, taxis, bike and scooter shares, carpools, and emerging technologies like autonomous vehicles.

Value: The improved Mobility-as-a-Service platform integrates demand response booking, improving user experience and accessibility. This will enable users of the mobile app and web-based trip planner to find, book, and manage trips electronically, with direct integration into the public transit agency's vehicle scheduling software.

Modernizing transit systems allows MnDOT to create a more accessible, sustainable, and user-friendly transportation network for all Minnesotans.