

16E.50 HUMAN SERVICES SYSTEMS MODERNIZATION FUND.

Subdivision 1. **Fund established.** The human services systems modernization fund is established in the state treasury to provide a funding source for multiyear modernization of human services systems. Money appropriated from the fund must not be encumbered until after a consultation with the Human Services Systems Modernization Advisory Council occurs under section 16E.40, subdivision 6, and may only be used as authorized under subdivision 3.

Subd. 2. **Funding sources.** The fund consists of:

- (1) money appropriated or transferred to the fund by law;
- (2) money transferred to the fund under an interagency agreement or other lawful agreement;
- (3) federal financial participation, federal reimbursements, or other federal payments received for expenditures from the fund; and
- (4) gifts, grants, donations, and other contributions received for a purpose consistent with this section.

Subd. 3. **Eligible and ineligible uses.** (a) Money appropriated from the fund must be used only for eligible multiyear modernization activities under subdivision 4 that replace, modernize, consolidate, integrate, migrate, or substantially enhance legacy human services systems and shared technology infrastructure used by the Department of Human Services; the Department of Children, Youth, and Families; counties; federally recognized Indian Tribes located in Minnesota; providers; beneficiaries; and other program partners.

(b) Money appropriated from the fund must not be used for ordinary agency operations that are unrelated to projects developed and implemented under this section, routine maintenance, or minor day-to-day technology improvements.

(c) The commissioner of information technology services must consult with the commissioners of human services and children, youth, and families and the Human Services Systems Modernization Advisory Council under section 16E.40 for any decisions on how to allocate any amount governed by this section.

Subd. 4. **Eligible activities.** The following multiyear activities are eligible for funding from this fund:

- (1) modernization, integration, enhancement, replacement, migration, or decommissioning of major eligibility, enrollment, case management, claims payment, provider enrollment, licensing, child care, child support, assessment, and service delivery systems;
- (2) development and implementation of enterprise architecture, shared services, reusable components, integration layers, application programming interfaces, middleware, identity and access management, and secure data exchange;
- (3) modernization of legacy systems to reduce dependence on obsolete platforms, unsupported technology, duplicative systems, manual workarounds, paper-based processes, and noninteroperable system structures;
- (4) development of statewide or shared technology infrastructure that supports state agencies, counties, federally recognized Indian Tribes located in Minnesota, providers, and beneficiaries across multiple programs;
- (5) data modernization, including data governance, data quality, reporting architecture, analytics infrastructure, payment accuracy, fraud prevention, and program integrity capabilities;

(6) system changes necessary to improve interoperability among state, county, Tribal, provider, vendor, and federal systems; and

(7) evaluation, development, or implementation of automation, machine learning, predictive analytics, or advanced modeling tools when part of a multiyear modernization project. The activities under this clause are subject to applicable privacy, security, accessibility, data governance, procurement, and program integrity requirements.

Subd. 5. Priorities. (a) When the commissioner of information technology services has authority to prioritize projects under this section, the commissioner of information technology services must consult with the commissioners of human services and children, youth, and families and the Human Services Systems Modernization Advisory Council under section 16E.40.

(b) When the commissioner of information technology services has authority to allocate money appropriated from this fund, the commissioner of information technology services must prioritize projects that:

- (1) support the multiyear modernization plan under subdivision 6 for human services systems;
- (2) replace, modernize, consolidate, or substantially transform legacy human services systems that create significant operational, fiscal, security, compliance, or service delivery risk;
- (3) improve interoperability across state, county, Tribal, provider, vendor, and federal systems;
- (4) reduce duplicative systems and avoid creating new stand-alone systems when shared, statewide, modular, or interoperable solutions are feasible;
- (5) improve user experience, system reliability, cybersecurity, privacy, accessibility, data quality, and disaster recovery capacity;
- (6) reduce long-term state, county, and Tribal administrative burden by modernizing core system architecture and shared infrastructure;
- (7) improve program integrity, including fraud prevention, audit readiness, and compliance; and
- (8) support phased implementation and measurable progress toward modernizing, consolidating, replacing, or decommissioning obsolete systems.

Subd. 6. Multiyear modernization plan. (a) The commissioner of information technology services must maintain a multiyear modernization plan for human services systems supported by the fund and must develop a preliminary plan by March 1, 2027. The plan must include:

- (1) a statewide inventory of major human services systems;
- (2) modernization priorities and sequencing;
- (3) major projects and anticipated timelines;
- (4) human services system dependencies and integration needs;
- (5) estimated costs and funding sources, including a financing plan to support the ongoing operating costs of systems and projects developed and deployed with the funding under this section;
- (6) federal financial participation assumptions;

(7) anticipated advance planning documents, implementation documents, cost allocation plans, procurement approvals, and certification requirements;

(8) major procurement and contract needs;

(9) planned legacy system transitions, replacements, migrations, and decommissioning;

(10) enterprise architecture standards and shared technology components;

(11) cybersecurity, privacy, accessibility, and data governance requirements;

(12) expected outcomes and performance measures; and

(13) tracking of all recommendations for statutory, budgetary, governance, procurement, or enterprise architecture changes.

(b) The commissioner of information technology services must consult with the commissioners of human services and children, youth, and families and the Human Services Systems Modernization Advisory Council under section 16E.40, when developing and maintaining the multiyear modernization plan under this subdivision.

Subd. 7. **Annual report.** Beginning February 1, 2027, and annually thereafter, the commissioner of information technology services, in consultation with the commissioners of human services and children, youth, and families, must submit a report to the Human Services Systems Modernization Advisory Council under section 16E.40, to the Legislative Commission on Human Services Systems under section 256.0142, and to the chairs and ranking minority members of the legislative committees with jurisdiction over human services systems and state government finance. The report must include:

(1) fund balances, receipts, transfers, and expenditures;

(2) projects funded from the fund;

(3) project status, timelines, risks, and dependencies;

(4) federal financial participation received or anticipated;

(5) major procurements, contracts, or implementation developments;

(6) progress toward the multiyear modernization plan under subdivision 6;

(7) legacy systems replaced, consolidated, modernized, migrated, or decommissioned;

(8) measurable outcomes, including reductions in processing times, payment errors, duplicative data entry, administrative burden, legacy system risk, and total cost of ownership; and

(9) any recommended draft legislation.

History: 2026 c 120 s 3