

One Minnesota Budget



ADEQUATE AND STABLE FUNDING IS NEEDED TO ENSURE THE RELIABILITY, EFFICIENCY AND SECURITY OF THE ESSENTIAL SYSTEMS OUR GOVERNMENT RUNS ON

Employees in all branches, agencies, and boards of Minnesota’s state government use the same accounting, procurement, learning, data reporting, payroll, benefits and recruiting systems in their daily work.

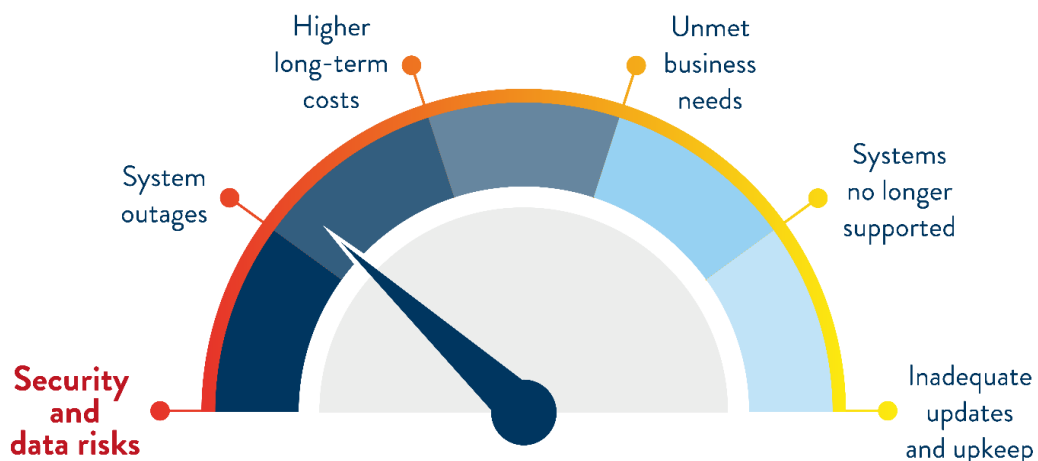
The Enterprise Resource Planning (ERP) Systems touch every dollar, agency, and position in state government.

CORE BUSINESS SYSTEMS ARE AT RISK

Minnesota Management and Budget (MMB) owns and operates the four systems that make up the State of Minnesota’s ERP technology – human resources, payroll, and benefits (SEMA4), statewide accounting and procurement (SWIFT), data warehouse (EPM), and enterprise talent and learning (ELM). MMB makes sure these systems support statewide business and employee management, data analysis, and public transparency.

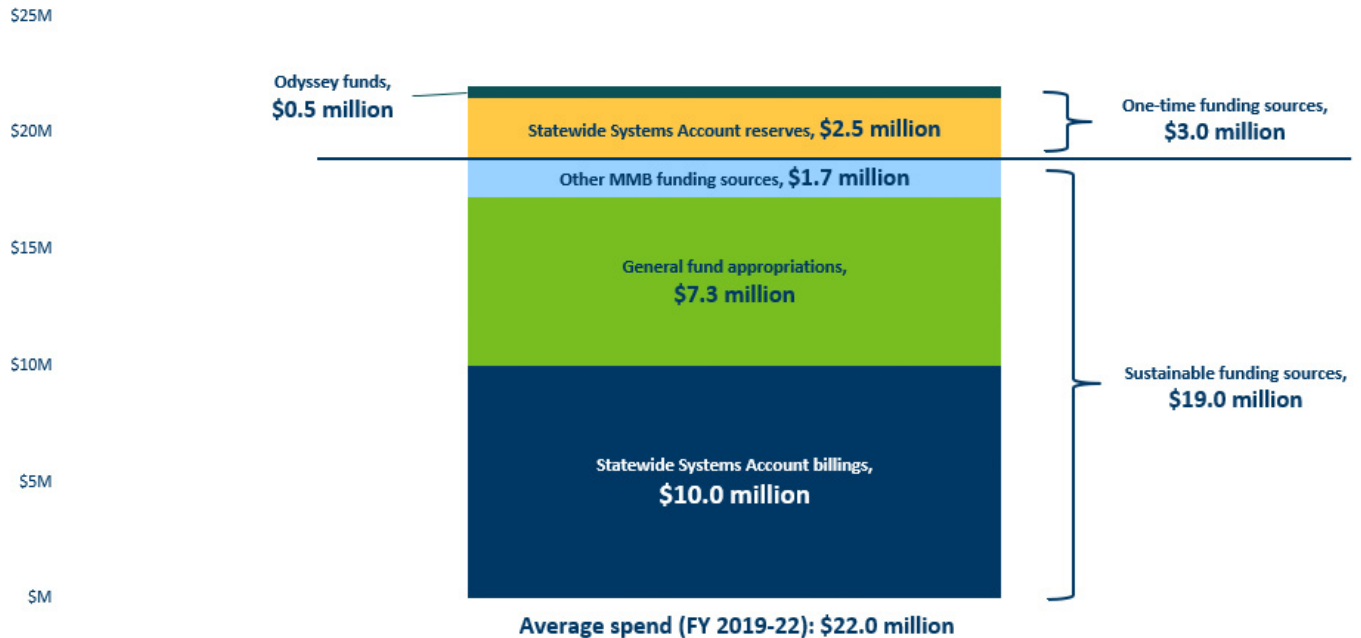
For many years, there has been a gap between the funds needed to support, maintain, and secure these systems and the funds received. An investment is needed now to keep pace with inflationary pressures, provide necessary updates, enhance cyber security, and sustain disaster recovery infrastructure.

Years of unfunded budget requests have resulted in deferred maintenance, delays in planned updates and aging systems.



On average, MMB spends \$22 million on ERP per year for basic maintenance and updates – just \$19 million of that is from sustainable sources.

By law, MMB can only bill state agencies up to \$10 million annually.



MMB has historically relied on one-time funding sources to sustain the current level of operations and upgrades. With the Statewide Systems Account reserves now depleted, MMB no longer has the resources to maintain the system – much less make the critical improvements needed to safeguard the state’s resources and data.

The inability to effectively mitigate evolving cyber threats or to reduce technology debt creates significant risk to the state.

RECOMMENDATION

1) Appropriate \$9.5 million in FY 2024 and \$10.5 million each year thereafter to:

- Close the Statewide Systems Account funding gap
- Increase staffing capacity by 12 FTE to keep systems stable and supported
- Enhance the system to improve functionality and security and begin a transition to the cloud
- Engage consultants to plan for the future of ERP

2) Eliminate the cap on the statewide systems billing account starting in FY 2026

3) Establish an advisory group to advise on billing, system services, and enhancements