

FY 2020-21 Base Budget Instructions

Preparing Base Information in the Budget Planning and Analysis System

August 2018

Table of Contents

I.	What’s in these instructions?	1
II.	What steps do agencies need to take?.....	1
III.	What will be produced for the biennial budget?	1
IV.	What happens when?.....	2
V.	Understanding BPAS Data and Structure	3
	A. Sources of Data	3
	B. Distributing Planning Years	4
	C. Budget Structure and Data	4
	D. Balance Forward In/Out.....	5
	E. Available Resources and Uses Format	5
VI.	Reconciling Closed Years	6
	A. FY 2016 and FY 2017	6
	B. FY 2018.....	6
VII.	Agency Base Budget Preparation	6
	A. Starting Point	6
	B. Direct and Open Appropriated Funds and Base Adjustments.....	6
	C. Budgeting Transfers	8
	D. Forecasting Dedicated and Non-Dedicated Revenue	9
	E. Federal Funds.....	9
VIII.	Managing Expenditures within Base Budget Plans	11
	A. Developing Compensation Budgets and Full-Time Equivalent Positions (FTEs).....	11
	B. Other Operating Expenses	12
IX.	Special Instructions.....	14
	A. Internal Billing	14
	B. Direct Appropriated Special Revenue.....	16
	C. Appropriations with Loan Activity (Loan Issuances and Receipts)	16
	D. Contract Reporting Requirements.....	17
	E. Internal Service Fund Financial Statements and Narrative	18

F.	Grants Funding Detail	18
X.	Fiscal Report Descriptions	19
A.	Expenditures Overview	19
B.	Financing by Fund	19
C.	Change Summary	19
XI.	Fiscal Reports Examples.....	20
A.	Agency Expenditure Overview Fiscal Report	20
B.	Agency Financing by Fund Fiscal Report.....	21
C.	Agency Change Summary Fiscal Report.....	22
XII.	2020-2021 Biennial Budget Checklist	24
XIII.	How to Get Help	26

I. What's in these instructions?

The instructions provide guidance for preparing financial data for the FY 2020-21 biennial budget. Specifically, it includes instructions about the following:

- Preparing agency historical (FY 2016-18) data
- Updating current year (FY 2019) budgets
- Establishing the base budget for FY 2020-21, and planning estimates for FY 2022-23.

II. What steps do agencies need to take?

The base budget plan must meet the agency's mission, priorities, and legal requirements within their current base funding level. Below is a summary of the steps agencies should take to prepare their base budget plan by the statutory deadline of **October 15** in BPAS. More detailed instructions for each of these steps can be found within the document.

Agencies must certify the accuracy of their base budget, including non-dedicated revenue estimates in BPAS by the statutory due date of October 15. Signing the form confirms the information contained in BPAS and as shown in fiscal reports is accurate and complete. **A copy of the base budget certification form is provided on the [MMB Biennial Budget Instructions website \(https://www.mn.gov/mmb/budget/budget-instructions/bibudprep/\)](https://www.mn.gov/mmb/budget/budget-instructions/bibudprep/).** The signed form and required reports should be uploaded to the [MMB Budget Division SharePoint site \(https://mn365.sharepoint.com/sites/MMB-Budget/SitePages/Home.aspx\)](https://mn365.sharepoint.com/sites/MMB-Budget/SitePages/Home.aspx) in the Biennial Budget/2020-21 Biennial Budget folder.

- Obtain access to BPAS and attend system training
- Reconcile FY 2018
- Adjust and reconcile FY 2019 budgets as loaded from SWIFT to accurately represent the agency budget, including non-dedicated revenue estimates and FTE
- Develop FY 2020-21 base budget plans and FY 2022-23 planning estimates
 - Enter base adjustments
 - Review and revise dedicated revenue estimates
 - Budget anticipated federal funds
 - Adjust compensation budgets to align with SEMA4 cost projections in both FY 2020 and 2021
 - Adjust FTE data in FY 2019 - 2023 for planned changes in FTE levels
 - Budget for all MN IT related expenses in Centralized IT Services (account code 41196)
 - Verify FY 2020 – 2023 are reconciled (Available Resources = Uses)
- Review and revise non-dedicated revenue estimates
- Review agency fiscal reports (Expenditures Overview, Financing by Fund and Change Summary) to confirm activity, program and agency base budget data is correct and displayed accurately. Fiscal report examples are provided at the end of this document.
- Certify your agency's base budget and non-dedicated revenue estimates by uploading the signed certification form and required reports to the SharePoint site by October 15, 2018.

III. What will be produced for the biennial budget?

There are many products produced as part of the biennial budget process. The final product submitted to the legislature is the Governor's proposed agency budget book that contains the following:

- A. Budget narratives/background materials – *initially published on October 1 and again with Base information on November 30 and with the Governor’s proposed budget by February 19*
- B. Agency base fiscal reports (Expenditures Overview, Financing by Fund and Change Summary) with Budget Narratives/background materials– *published by November 30*
- C. Agency fiscal reports with Governor’s Recommendations (Expenditures Overview, Financing by Fund and Change Summary) with Budget Narratives/background materials – *published by February 19*
- D. Change item narrative summaries – *published by February 19*
- E. Federal funds summary, grants funding detail, and internal service fund financial statements and narrative (if applicable for your agency) – *published by February 19*

IV. What happens when?

Date	What Happens ...
Weekend of August 10	FY 2018 close and FY 2019 budget data (as of FY 2018 close) are loaded from SWIFT to BPAS. FY 2019, current year, appropriation, revenue and expenditure budget data copied into FY 2020 – 2023.
August 22	BPAS 2.0 open for agency users Agency actions: <ul style="list-style-type: none"> • Review loaded data. • Enter/edit dedicated revenue forecasts for FY 2020-21 and FY 2022-23 to establish available base budget amounts. • Enter appropriation base adjustments to establish/update direct and open appropriations for FY 2020-21 and FY 2022-23 to current law. • Adjust expenditure budgets within available resources. • Reconcile operating appropriations (FY 2018 – 2023) that have differences between available resources and uses of funding. • Enter/edit non-dedicated revenue forecasts for FY 2020-21 and FY 2022-23
August 24	Agency budget narratives due to MMB. Agency actions: <ul style="list-style-type: none"> • Final budget (background) narrative(s) uploaded into your agency 2020-21 Biennial Budget Background Narratives folder on the MMB Budget Division SharePoint site (https://mn365.sharepoint.com/sites/MMB-Budget/SitePages/Home.aspx).
October 1	Budget (background) narratives published to MMB website. (https://mn.gov/mmb/budget/research-and-data/summary-of-agencies-programs-activities.jsp)
October 10	MMB issues Departmental Earnings Instructions and opens Departmental Earnings (DE) System

Date	What Happens ...
October 15	<p>Agency base budgets due.</p> <p>Agency actions:</p> <ul style="list-style-type: none"> • Finalize historical and current year data in BPAS. • Finalize all dedicated and non-dedicated revenue estimates for budget years in BPAS. • Finalize all base adjustments to provide current law information for the November forecast and base budget information provided to the legislature. • Finalize all base level budget information in BPAS, including FTE data. Confirm that available resources equal uses of funding at the appropriation and account level. • Run agency November forecast fiscal reports to validate data. • Certify base budget and non-dedicated revenues by uploading signed certification form and required reports to SharePoint site.
October 15	<p><i>Agency change items due.</i></p> <p>Agency Actions:</p> <ul style="list-style-type: none"> • Change items entered in BPAS, includes summary level funding and relevant base information. • Draft change item narratives uploaded to MMB Budget Division SharePoint site in the CI Narratives folder (https://mn365.sharepoint.com/sites/MMB-Budget/SitePages/Home.aspx).
November	<p>Agencies with forecast programs</p> <ul style="list-style-type: none"> • Update budget estimates and base adjustments in BPAS prior to the November forecast release.
November 30	<ul style="list-style-type: none"> • Agency base budget books submitted to the legislature. (<i>Agencies with forecast programs are submitted after the November forecast is released</i>) • Agency Federal Funds Summary, Grants Funding Detail, and Internal Services Fund Statements and Narrative, if applicable are due to MMB. • Departmental Earnings Report, if applicable, is due in the Departmental Earnings (DE) System.

V. Understanding BPAS Data and Structure

A. Sources of Data

Financial data in the budget system will include FY 2016-18 actual, FY 2019 estimate or budget, FY 2020-21 base budget plans, as well as agency revenue and spending projections for the FY 2022-23 biennium.

Fiscal information for FY 2018 close and FY 2019 current budget will be loaded from SWIFT. The 2019 budget data (appropriations, revenues and expenditures) will then be copied into FY 2020-23. This will happen at FY 2018 hard close, which occurs over the weekend of August 10. Full-time equivalents (FTEs) for FY 2018 will be loaded from SEMA4. FTE data from FY 2018 will be copied FY 2019-23. Below is a summary of the fiscal years, the source of data, and the points of data entry.

	Actual or Historical			Current	Budget Years	Planning Years
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020-21	FY 2022-23
Source of Data	BPAS	BPAS	SWIFT hard close	SWIFT budget as of FY 2018 hard close	2019 SWIFT budget data copied in FY 2020 - 2023	
Financial Data Entry	Actual data cannot be changed	Actual data cannot be changed	Actual data can only be changed with special agency access	Open for edit		
FTE Data Entry	BPAS	BPAS	Actual FY 2018 FTE loaded at hard close (SEMA4)	FY 2018 FTE copied into FY 2019 - 2023 years and open for edit		

B. Distributing Planning Years

In addition to providing detailed revenue and expenditure information for FY 2020 and FY 2021 at the account level for all appropriations, agencies are required to provide account level base budget information for the FY 2022 and FY 2023. There is a distinct difference, however, in how FY 2022-23 planning estimates are used in budgeting and the state forecasts. For all forecast revenues - and major forecast spending areas such as K-12 education, Human Service programs, and local aids - they form the basis of the state's forecast for planning estimates beyond the budget period. It is against this framework of planning estimates that the longer term impact and affordability of FY 2020-21 budget proposals ("change items") are measured.

C. Budget Structure and Data

SWIFT or the accounting system is the source for FY 2018 and FY 2019 data, so agencies should review and make corrections and adjustments in the accounting system whenever possible *prior to data being loaded in the budget system at FY 2018 hard close (August 10 weekend)*. Appropriations not fully allotted or budgeted will create more reconciliation for agencies. Ensuring FY 2019 budgets are fully allotted before the load to BPAS will minimize differences in accounting and budget system data, and minimize an agency needing to make duplicative adjustments. FY 2019 budgets will have to be manually increased in BPAS to include any monies carried forward from FY 2018 at close for FY 2019 resources and uses to balance.

Proposed budget structure changes should have been submitted to your executive budget officer (EBO) for review and approval prior to August 1. If possible structure changes should be made in SWIFT for FY 2019 with an effective date of July 1, 2018.

Agencies may wish to adjust current year data (FY 2019) in BPAS only, and not in the accounting system, where valid reasons may exist for not updating the information in SWIFT, such as:

- Fully allotting FY 2019 budgets where money has been held in reserve
- Forecast items and estimates that have not yet been officially recognized
- Frequently updated revenue estimates
- Planned future transfers

- Federal funds not yet officially acknowledged or received

Finally, some non-standard entities that do not use SWIFT as their primary accounting system may be required to manually re-create information within BPAS that is not present in the state accounting system (SWIFT).

D. Balance Forward In/Out

In BPAS there is an automatic calculation of balance forward in from the previous year’s balance forward out account in the budget and planning years. This system feature reduces errors and manual entry that occurs when agencies are reconciling their base budget in BPAS. Therefore, to change balance forward in amounts in fiscal years 2020-2023, agencies must change the prior year’s balance forward out.

E. Available Resources and Uses Format

BPAS displays budget information in an “available resources” and “uses of funds” format. This will be present on the appropriation entry/edit screens, as well as some reports generated from the system. An “account net” will display total available resources minus total uses. A positive or negative “net” indicates that sources do not equal uses in the year(s) shown, such differences must be analyzed and corrected for all appropriations that are not a non-dedicated appropriation type (99) or continuing appropriation type (02). Below is a display of the “available resources” hierarchy format with a note of whether or not the data will be copied into FY 2020 – 2023 from FY 2019 current modified budget.

Account	FY 2019 (current year) amount copied forward?
<i>Available Resources:</i>	
Balance Forward In (from prior year)	<i>No</i>
Revenue	Yes
Appropriation	Yes
Net Transfers	
Transfers In	<i>No</i>
Transfers Out	<i>No</i>
Net Loan	
Loan Activity In (Receipts)	<i>No</i>
Loan Activity Out (Issuances)	<i>No</i>
Cancellations	<i>No</i>
Balance Forward Out (to next year)	<i>No</i>
<i>Uses of Funds:</i>	
Expenditures	Yes
<i>Full-Time Equivalent positions (FTE)</i>	<i>Copied from FY 2018</i>

Note: The budget system contains data in the current, budget and planning years that is rounded and loaded to the thousands at the appropriation and account level, not the exact dollar amounts that are available in SWIFT. All data on screens and reports are displayed rounded to the thousands.

VI. Reconciling Closed Years

A. FY 2016 and FY 2017

FY 2016 and FY 2017 data was loaded from SWIFT at their respective fiscal year close and is already reconciled in BPAS. Changes to the data will not be allowed unless a significant error or problem can be demonstrated and documented. Any approved changes will need to be made centrally by MMB Budget Planning and Operations.

B. FY 2018

FY 2018 data will be loaded to BPAS as of the August 10, 2018 weekend. FY 2018 appropriations will reflect fiscal year hard close data in all Consolidated Fund Statement (CFS) funds with the exception of the Special Revenue (2000 - 2016) and Federal (3000 and 3001) funds unless an adjustment or error correction is approved by MMB, Budget Planning and Operations and Financial Reporting. Known FY 2018 SWIFT errors should be discussed with Mary Borresen (MMB Financial Reporting) and James Stelzner (MMB Budget Planning) in case the changes need to be corrected on the Legal Level of Budgetary Control (LLBC) statement. In the Special Revenue, Federal or other Non CFS funds, agencies where appropriation sources and uses are not zero or reconciled will be contacted and may be given special BPAS access to reconcile these appropriations. Contacted agencies must reconcile all appropriations for FY 2018 with the exception of non-dedicated or continuing appropriation types.

The definition of the term reconcile is for Available Resources to equal Uses by appropriation.

- CFS funds (with the exception of the Special Revenue and Federal Funds) reconciled amounts should reflect FY 2018 hard close, not current SWIFT data, plus any adjustments or error corrections approved by MMB, Budget Planning and Operations and Financial Reporting.
- Special Revenue, and Federal funds, an appropriation's source and uses may be modified to reconcile FY 2018 so the account net equals zero.
- Non CFS funds, an appropriation's sources and uses may be modified to reconcile FY 2018, so the account net equals zero.

VII. Agency Base Budget Preparation

Agencies are required to adjust projected FY 2020-21 and FY 2022-23 spending data to reflect budget plans that fit within the guidelines for base budget development. Below are instructions for developing a base budget.

A. Starting Point

FY 2019 direct and open appropriations, revenues and expenditures are the starting point for FY 2020-21 base budgets and FY 2022-23 planning estimates.

B. Direct and Open Appropriated Funds and Base Adjustments

Confirming an agency's base budget appropriation amount is an important first step in determining the total resources available for an agency's budget planning. Budget development and presentation begin where the legislature last left off. The base budget should reflect how an agency would use the base level of funding to best accomplish their mission. This plan must accommodate known budget pressures, such as compensation changes and other operating cost drivers, within the available base budget.

BPAS will automatically load agency FY 2019 direct and open appropriations, revenues and spending into FY 2020-23. Agencies are not allowed to change the direct or open appropriation amounts.

The “base” for an agency’s budget in FY 2020-2023 is FY 2019 appropriation amounts adjusted for a limited number of technical changes. Agencies are required to enter adjustments for items that may distort FY 2019 appropriations as the starting point for the FY 2020-23 base levels – and to reconcile to official end-of-session planning estimates. These “base adjustments” represent technical and one-time changes to determine FY 2020-23 “current law” base amounts.

For direct or open appropriations, agencies must adjust FY 2020-23 resources at the appropriation level, using the base adjustment accounts identified below. Each increase/decrease in an agency's base appropriation must be entered by unique adjustment account at the appropriation level. This is necessary so BPAS can report all changes from FY 2019 appropriation amounts to the base budget for FY 2020-21. In most cases, the base adjustments to FY 2020-21 amounts will continue into FY 2022-23.

- **All Other One-Time Appropriations (ONE):** This base adjustment is used when special appropriations or portions of an agency’s regular appropriations were intended as one-time funding and must be reduced from the base. Items in this category may include LCCMR projects, pilot projects, moving expenses, studies, or other appropriations that are identified in law as one-time expenditures and are not legacy fund, IT, or capital appropriations.
- **One-Time Legacy Fund Appropriations (LFD):** This base adjustment is used for one-time legacy fund appropriations. The appropriations affected are in the following funds:
 - 2300 Outdoor Heritage Fund
 - 2301 Arts & Cultural Heritage Fund
 - 2302 Clean Water Fund
 - 2303 Parks and Trails Fund
- **One-Time IT Appropriations (ITA):** This base adjustment is used for information technology (IT) appropriations for systems and projects that are identified in law and are one-time in nature.
- **One-Time Capital Appropriations (CAP):** This base adjustment is used when cash was specifically identified for capital projects instead of capital bonding appropriations, agencies use this base adjustment code to adjust the appropriation(s).
- **Biennial Appropriations (BIA):** This base adjustment is used when appropriations may be spent in either year of a biennium, the entire appropriation may have been set up in FY 2018, and there may be zero appropriation amounts shown for FY 2019. Agencies must adjust their base to ensure that FY 2020-21 and FY 2022-23 totals do not exceed the total amount appropriated for the current (FY 2018-19) biennium.
- **Current Law Base Change (ANN):** This base adjustment is used when the legislature has specified a base amount in law that is different from the agency’s FY 2019 appropriation. The adjustments should reflect documented changes recognized and tracked by the legislature when the items were adopted. This adjustment can be positive (out-year costs) or negative (out-year savings).
- **Approved Transfer Between Appropriations (ATA):** This base adjustment is used when legal authority exists, and monies have been transferred between appropriations/programs in FY 2019 – and the legislature has been notified of such transfers – an agency may reflect this as a permanent change using this base adjustment. This expands agencies’ legal authority to move money between appropriations.
- **Program/Agency Sunsets (SUN):** This base adjustment is used when legal authority for an agency, program or project expires on a specific date within FY 2020-21 or FY 2022-23, related appropriations amounts must be removed from the base.
- **Transfers between Agencies (TRF):** This base adjustment is used when transfers between agencies are permanent, base adjustments are authorized to reflect the appropriate offsetting

increase and decreases to the respective agencies' appropriations. An executive re-organization order is an example of a situation that might require such an adjustment.

- **Pension Allocation (PEN):** This base adjustment applies to the adjustments contained in the 2018 omnibus pension bill (Chapter 211). The bill provides many executive and judicial branch state agencies appropriations in FY 2019 and base adjustments into the future across various funds to offset the phase-in of employer contribution rate increases in certain pension plans. As required by Chapter 211, agencies' annual pension allocations, by fund, were determined by MMB and were provided to agencies by their Executive Budget Officers in June 2018. For the purposes of BPAS entry, the amount to be entered each year is not necessarily the pension allocation provided in that year but the difference between that amount and the amount appropriated in FY 2019.
- **Forecast Open Appropriation Adjustments (OPN):** Agencies may adjust projected spending to reflect anticipated changes in programs funded from open appropriations in what would normally be a direct-appropriated fund. These adjustments should be presented as a base adjustment from the current year appropriation amounts. The base adjustment is strictly limited to situations in which specific formula requirements are clearly stipulated by current law and consistent with the official state forecast and end of session estimates as reflected in published fund statements.
- **November Forecast Adjustment (NOV):** This base adjustment applies only to a limited number of programs in the departments of Human Services, Education, and other agency forecast programs, including open appropriations. This adjustment is used to reflect the cost of forecast changes in client populations, statutory aid formulas and forecast factors consistent with the state forecast and planning estimates based on end-of-session estimates. This adjustment is used to reflect the change from the end-of-session estimates to the November forecast estimates.
- **February Forecast Adjustment (FEB):** This base adjustment applies only to a limited number of programs in the departments of Human Services, Education, and other agency forecast programs, including open appropriations. This adjustment is used to reflect the change from the November forecast estimates to the February forecast estimates.

An agency executive budget officer will review and approve all base adjustments.

C. Budgeting Transfers

Transfers are budgeted as they actually would occur in the accounting system. Actual transfers for FY 2018 in SWIFT and current FY 2019 anticipated and year-to-date actual will be loaded into BPAS. Anticipated transfers not entered in SWIFT for FY 2019 may be added in BPAS. Agencies must enter all budgeted transfers for FY 2020 – 2023, as the FY 2019 transfers are not copied forward.

1. Budgeting for Recurring Appropriation Transfers:

The standard policy is for appropriations to be made directly to the agency or fund that will spend the requested funds. However, there may be situations where an agency requests a direct appropriation with the intent of transferring those funds to another state agency for spending. To properly present the original appropriation amount and transfer, as well as the anticipated expenditures within the correct agency for FY 2020-23, agencies must follow the procedure below:

- The agency transferring the funds will enter the transfer at the appropriation the funds will be transferred from and the appropriation the funds will be transferred to (agencies will be able to select other agency's appropriations).
- Enter the fiscal information for each year that the transfer will occur.

- After the transfer out is saved, the transfer will be viewable by both agencies within the respective appropriations.

2. Transfers for Enterprise Services:

Agencies must enter annual transfers for enterprise services for FY 2020-23. This includes transfers to the Department of Administration for the Office of Enterprise Sustainability, Minnesota Management and Budget for the Statewide Executive Recruiter, and the Governor's office. Please budget amounts similar to FY 2019 and direct any questions to the CFO or finance lead of these agencies.

D. Forecasting Dedicated and Non-Dedicated Revenue

Agencies must review and revise FY 2019-23 forecast dedicated and non-dedicated revenues to reflect the best estimate of projected revenues likely to be received.

1. Dedicated and Non-Dedicated Receipts Forecast:

- Review dedicated and non-dedicated revenue actual data for FY 2018
- Review revenue forecast methodology and assumptions with your assigned executive budget officer.
- Review and update all revenue forecast data for FY 2019-23 to provide data for the November 2018 forecast and agency budget submissions. All revenue data must be updated, based on current law, current rates, and sound forecasting assumptions no later than October 15, 2018.
- After the October 15 due date for entry of agency revenue information, MMB staff will work with agencies as needed to verify revenue assumptions and data prior to release of the November forecast. Agencies may be asked again to review and update projected revenues prior to release of the February forecast.

2. Agency Departmental Earnings (Fees):

Part of the biennial budget process is a required review of historical and projected revenues and expenditures associated with departmental earnings, because current law (M.S. 16A.1283) requires executive agencies to get legislative approval to levy new or increase existing fees. This review includes both dedicated and non-dedicated departmental earnings, with agency fees being the most common. Detailed instructions for the Departmental Earnings report and the system will be provided in early October.

3. Statutory Funds:

For statutory and dedicated funds (including federal funds), base adjustments are not used. Budgeted spending plans should be developed within those resource amounts. Forecast growth in dedicated receipts may support increased spending within agencies' current law base budget plans. Proposed fee or other revenue changes must be presented as change items.

E. Federal Funds

Agencies should budget 100 percent of expected federal revenues based on enacted federal budgets as part of their forecast of dedicated receipts. Federal grants often significantly affect state and local matching and spending requirements. Thus, to ensure proper review of federal programs and their effect on state programs and funding, [Minnesota Statute 3.3005](https://www.revisor.mn.gov/statutes/?id=3.3005) (<https://www.revisor.mn.gov/statutes/?id=3.3005>) requires that state executive branch agencies (not including the Historical Society, the University of Minnesota, and the Minnesota State Colleges and Universities) receive legislative review before spending federal money.

In most instances this review is accomplished by including anticipated federal receipts and expenditures in an agency's biennial budget submission. Where the law requires legislative review, federal projects and funds shown in the biennial budget are considered approved 20 days after the biennial budget is submitted to the legislature unless a member of the Legislative Advisory Committee (LAC) requests further review within the 20-day period. If a request for further review is made, the agency may not spend the federal funds until the request has been satisfied and withdrawn, the expenditure of the funds is approved in law, or the regular session of the legislature is adjourned for the year. Accordingly, it is *essential* that agencies accurately update or forecast federal receipts to reflect anticipated levels of funding by following these steps:

1. **Forecasting Federal Revenues:** The purpose is to develop a useful analysis that can be used in identifying potential issues within an agency's budget, and to identify new or significant changes in federal programs or grants.

Due to the annual Congressional appropriation process, there is always the potential for changes in future federal funding flowing to the state. As agencies prepare their base budget plans, the following should guide preparation of federal revenue and spending estimates for the budget system:

- Use current funding as the baseline, and modify estimates based on guidance provided by federal agencies.
 - Each agency must project all reasonably anticipated federal receipts available for FY 2019-23 as part of the revenue forecast for the budget. The forecast must be based on federal appropriations or continuing resolutions.
2. **Timeline:** All anticipated federal revenue should be included in BPAS by October 15 (the deadline for agency base budget data), including anticipated revenue submitted in the Fall (October 1) Legislative Advisory Commission (LAC) submission. All anticipated federal funds should be included in the Federal Funds Summary table. **The agency total on the federal funds summary should tie to the total shown on your agency's fiscal report.** Agencies will also will have an opportunity during legislative session to update their anticipated federal fund revenue and spending.
 3. **Federal Funds Summary:** The federal funds table and narrative are mandatory elements of the budget presentation for all agencies that receive and spend federal funds. The table must include the following and is due by November 30:
 - The name of all received and anticipated federal awards
 - The federal agency from which the funds are available
 - The federal identification number
 - A brief description of the purpose of the grant
 - An indication of whether the grant is new or ongoing
 - An indication of whether a match or Maintenance of Effort (MOE) is required
 - Federal spending amounts for FY 2018, budget for 2019, and estimated amounts for FY 2020-21
 - The number of full-time equivalent positions needed to implement the grant.

Specific instructions for the Federal Fund Summary narrative and template for the Federal Funds Summary table are on the [MMB Biennial Budget Instructions website](https://www.mn.gov/mmb/budget/budget-instructions/bibudprep/) (<https://www.mn.gov/mmb/budget/budget-instructions/bibudprep/>).

VIII. Managing Expenditures within Base Budget Plans

Using FY 2018 expenditures and FY 2019 budgeted amounts as a starting point; agencies should pay careful attention to future plans and ensure adequate funding is available for FY 2020-21 operating expenses. Agencies are not expected to plan out-year budget projections (FY 2022-23) for operating budgets with the same level of detail as their FY 2020-21 base budget plans. Recognizing the difficulty in projecting operating costs in FY 2022-23 within the constraint of flat base budget appropriations, agencies should plan for FY 2022-23 operating costs similar to those in FY 2021 and not assume further increases to costs at this time.

A. Developing Compensation Budgets and Full-Time Equivalent Positions (FTEs)

Employees' salary, benefits and related compensation expenditures represent the majority of agency operating expenses. Therefore, prudent financial management requires a reasonable set of planning assumptions be used by agencies for preparing base budget plans for FY 2020-21. Agencies should be prepared to provide the basis of compensation planning estimates, assumptions and methodology used to develop the proposed compensation funding and FTE numbers included for FY 2019-21. To adequately fund projected increases, it may be necessary to reduce staffing, reduce non-compensation spending, or transfer funding between activities (where legal authority exists) to accomplish this within an agency's base level budget.

The planning assumptions included in these instructions are intended to provide a uniform basis for agencies to use in developing FY 2020-21 compensation budgets. They are not intended to predict the outcome of negotiated labor agreements or other factors affecting total compensation.

Agencies must plan to fund all known compensation cost increases in FY 2020-21 within their "base" budget plans. Agencies should use the SEMA4 salary projection reports as the basis for developing compensation estimates. The projection includes:

1. The impacts of the currently negotiated contracts
2. Changes to insurance rates expected for January 1, 2019, January 1, 2020 and January 1, 2021
3. Changes to compensation costs related to progression ("steps")
4. Phased-In employer-paid pension costs contained in the 2018 omnibus pension bill, Chapter 211.

These cost projections are currently available for FY 2019 and FY 2020 and on August 20 will also be available for FY 2021. For detailed information on the current assumptions included in the SEMA4 salary projections, see the payroll bulletin on cost projections dated June 12, 2018: https://mn.gov/mmb/assets/20180612_tcm1059-342079.pdf. When the cost projections are updated on August 20 to add FY 2021 an updated Cost Projections Bulletin will be published, which will include updated insurance rates. MMB Budget Planning and Operations will email the agency lead finance and budget staff once the bulletin is available.

Agencies should include the known compensation increases, which are included in SEMA4 salary projection reports, they should not, at this time, include projections for any across the board (cost of living) increases in compensation. Trying to predict the cost of future labor negotiations or changes in other factors likely to drive future state compensation costs is not useful, and it will not be accurate.

Agencies should also separately consider their own unique factors in planning for costs such as reclassifications, discretionary increases, premium pay, overtime, turnover, retirement, severance, workers compensation, unemployment insurance and other costs.

- **FY 2022-23:** Agencies are not expected to plan FY 2022-23 compensation budgets with the same level of detail as their FY 2020-21 base budget plans. Recognizing the difficulty in projecting compensation costs in FY 2020-21, and the constraint of flat base budget appropriations, agencies should plan for compensation costs in FY 2022-23 similar to those in FY 2021 and not assume further increases.
- **Tool:** Agencies may use the OBIEE Compensation Analysis Reporting Tool to assist them with planning compensation. The [Compensation Analysis Reporting Tool User Guide](https://mn.gov/mmb-stat/documents/budget/budget-instructions/fy2020-21/new/compensation-analysis-reporting-tool-user-guide.pdf) is available on the MMB Biennial Budget Instructions website at (<https://mn.gov/mmb-stat/documents/budget/budget-instructions/fy2020-21/new/compensation-analysis-reporting-tool-user-guide.pdf>).
- **Full Time Equivalent Positions (FTEs):** Along with establishing base budgets for compensation costs, agencies are required to enter estimated FTEs for FY 2019-23. FY 2018 FTE will be loaded into BPAS at the appropriation level. Unless there are known program changes in law, agencies should hold FY 2022-23 FTE levels at the budgeted FY 2021 level.

Agencies should use SEMA4 salary projections, salary rosters, or historical data as a guide for position – or portions of positions – funding to determine FTEs counts for each appropriation. FTEs must be estimated, not only for full time positions, but also expected part-time and seasonal employment, and overtime. Agencies should ensure that there is an appropriate relationship between the FTE count and the compensation budget for each fiscal year.

B. Other Operating Expenses

Agencies must ensure appropriate amounts are budgeted for indirect costs, statewide systems billing, state owned property, non-state owned property, building maintenance, and other rates charged by state agencies such as MN.IT, Department of Administration, Office of Administrative Hearings and the Attorney General. Since specific FY 2020-21 rates are not yet available, as a general guideline, agencies should review past spending along with known future plans to determine appropriate budget amounts for FY 2020-21. Additionally, guidance and assumptions are provided below for some of these expense areas:

1. Lease Rates:

- **Capitol Complex Leased Space** – While approved lease rates for FY 2020-21 won't be available until September 2018, it is important to consider other factors that might affect your agency's lease payments in the next biennium, such as programmatic changes. Agencies must plan for any growth or scaling back of programs that might change the amount of square footage that your agency must lease. If your agency is planning programmatic changes that will affect large areas of contiguous space, contact Susan Estes (Susan.Estes@state.mn.us) to help identify and plan for your changing space needs. If no space changes are planned, review past spending to determine appropriate budget amounts for FY 2020-21.
- **Commercial Leases** – The Department of Administration manages 600 commercial leases on behalf of state agencies. Check the report of expiring leases to see if your agency is affected (<http://mn.gov/mmb/budget/budget-instructions/bibudprep/>). The market drives the rates for commercial leases. If the lease for your space is expiring, it's likely you will see a 2-6% increase in the new rate. Contact Susan Estes (Susan.Estes@state.mn.us) for additional information on what to expect with your agency's new commercial lease.

2. **Maintenance & Betterment:** M.S. 16A.11 requires agencies with real property to budget for maintenance and betterment of state buildings. These budgets should equal one percent of the replacement cost of the building. Agencies can reference their Facility Condition Assessment (FCA) data in the Enterprise Real Property Archibus system for current replacement values. Contact your agency Real Property Governance or Total Infrastructure Facilities Maintenance (TIFM) administrator for assistance with Archibus.
3. **Statewide Indirect Costs:** Statewide indirect costs should now remain relatively consistent from year-to-year, with exception of Office of the Legislative Auditor (OLA) audit costs as we do not have any control over the audits performed by the OLA. MMB now has better usage statistics for allocations, and expects fewer roll forward adjustments. However, with the consolidation of IT, MMB is allocating total costs consistently; however, the breakout between lines has changed due to a different level of detail entered into the accounting system as the costs are now coming from MN.IT at MMB. Unless significant changes are expected to an agency's use of statewide resources, an agency's statewide indirect costs for FY 2020-21 should be similar to their FY 2019 allocation. Therefore, please review your FY 2019 statewide indirect costs allocation for budgeting in the next biennium. Please use the 42010 Statewide Indirect Costs account code for budgeting statewide indirect costs.
4. **Budgeting for Information Technology (IT) Costs:** MNIT has authority and oversight over all executive branch IT spending in the state. Agencies that are subject to M.S. 16E.016, which gives MNIT responsibility over agency IT services and staffing, will need to follow the instructions below in order to accurately reflect IT oversight and financing in the FY 2020-21 budget document. Agencies and entities that are not subject to IT consolidation should continue to budget for IT expenditures as they always have.

Your agency's total IT budget will be comprised of two parts:

- **estimated IT costs under MNIT's enterprise service rates for FY 2020-21.** The enterprise service rates for FY 2020-21 will be available in early October 2018 to allow sufficient time for you to incorporate the rates in your agency's FY 2020-21 budget.
- **estimated IT costs for @agency non-enterprise services.** These are services that are purchased directly from MNIT, but are not part of the MNIT rate package, and may include: agency IT staffing, projects, applications, and IT leadership. This budget is determined by your Chief Business Technology Officer (CBTO) in consultation with agency finance leaders.

Your agency IT spend should be coordinated with your agency's CBTO to ensure agencies and MNIT are budgeting consistent amounts.

How to Enter Your IT Budget in BPAS

Once your agency and CBTO have agreed on your agency's total IT budget for FY 2020 and 2021, enter the amount into BPAS using the **Centralized IT Services – 41196 account code**. Again, this amount should reconcile to the budget amount that your CBTO provides.

For FY 2022-23, you should plan for IT costs similar to those in FY 2021 and not assume further increases to the costs at this time.

Please remember that FY 2019 expense budgets get pushed forward to FY 2020-23 in BPAS. If you have FY 2019 IT expense budgets set up in other account codes (e.g., 41150) to pay MNIT bills, you

will need to reduce those expense budgets in FY 2020-23 and consolidate the expenses in Centralized IT Services – 41196 account code.

Agencies should not budget for products and services that are not subject to IT consolidation with the Centralized IT Services – 41196 account code. If you are budgeting for any of the items listed below, please do not include it in your Centralized IT Services – 41196 account budget, but find a more appropriate account.

1. Mobile Devices – tablets, iPads, Slates, PDAs, smartphones
2. Cell Phones (flip, non-smart phones) & associated usage plans
3. Mobile phone service
4. Pagers and associated service plans
5. Monthly data collection fee for AVL Air Card.
6. Cable TV, Comcast, or Dish Services
7. Lease/maintenance agreements on copiers, printers, MFDs, plotters, scanners
8. Copier/printer supplies (paper, toner, and accessories)
9. Charges for color and/or black and white copies over amount included in copier lease/maintenance contracts
10. Computer related accessories, parts and supplies that are not part of the standard services
11. Small storage devices for personal use (e.g., flash drives, thumb drives, CD-ROM, CDs, external hard drives)
12. Office supply items
13. GPS units
14. Digital cameras
15. Radios w/FCC registration
16. Single & multi-functional devices (print, scan, copy, fax, etc.), copies, and supplies
17. Employee ID and physical access control systems, badging software.
18. Electricity for IT purposes (except for server rooms)
19. Professional/Technical Service Contracts under \$5K

IX. Special Instructions

A. Internal Billing

Some agencies have central office functions that provide centralized administrative services for the entire agency, and then internally bill the different divisions within the department for those services. This practice double counts revenues – when initially collected by a division for services rendered, and then again when the money is received by the central administrative services unit – and expenditures – when paid to the central office, and then out to a vendor for a product or service.

Although Financial Reporting at MMB eliminates the internal billing revenue and expenditure account codes when preparing the CAFR to avoid double counting, the budget division does not eliminate any of the accounts in BPAS. This is due to the fact that all revenue and expenditure accounts are needed when displaying available resources and uses on the fiscal reports for agencies' programs and budget activities, which may include a centralized administrative services unit.

In order to report on this activity that leads to double counting, we are asking all agencies that conduct internal billing to account for this activity in BPAS using the **42000-Agency Indirect Costs expenditure account code, and 555002-Agency Indirect Costs Non Gen Fund for the associated revenue**. All dedicated expenditures in the 42000 expenditure account code will be reported on the

Expenditures Overview fiscal report as Internal Bill Expenditures and all dedicated receipts in the 555002 revenue account code will be reported on the Financing by Fund fiscal report as Internal Billing Receipts. Below are examples from these two fiscal reports:

Agriculture					Agency Expenditure Overview			
<u>Expenditures by Category</u>								
Compensation	35,482	36,537	38,306	40,954	42,433	41,407	47,010	46,589
Operating Expenses	25,890	32,559	36,304	37,595	30,766	30,257	39,474	38,957
Grants, Aids and Subsidies	12,353	19,971	20,249	34,667	34,739	29,152	35,794	30,207
Capital Outlay-Real Property	251	619	120	1,102	103	2	185	29
Other Financial Transaction	7,510	216	411	595	144	32	155	43
Total	81,486	89,902	95,390	114,913	108,185	100,850	122,618	115,825
Total Agency Expenditures	81,486	89,902	95,390	114,913	108,185	100,850	122,618	115,825
Internal Billing Expenditures	4,292	4,804	5,254	5,273	5,786	5,795	6,538	6,547
Expenditures Less Internal Billing	77,194	85,099	90,136	109,640	102,399	95,055	116,080	109,278
<u>Full-Time Equivalents</u>								
	431.96	438.30	447.17	460.53	472.29	433.70	520.49	483.50

Agriculture					Agency Financing by Fund			
<i>(Dollars in Thousands)</i>								
2001 - Other Misc Special Revenue								
Balance Forward In	5,744	6,079	6,859	7,382	8,660	8,170	8,660	8,170
Receipts	4,290	4,844	5,308	5,373	5,228	5,325	5,228	5,325
Internal Billing Receipts	4,267	4,832	5,265	5,296	5,185	5,285	5,185	5,285
Transfers Out				3	47	47	47	47
Balance Forward Out	6,077	6,798	7,501	8,660	8,170	7,711	8,170	7,711
Expenditures	3,957	4,125	4,666	4,092	5,671	5,737	5,671	5,737

Action Steps:

1. Identify the total internal billing revenue received by the central services unit for FY 2019-23. You may need to run reports from SWIFT to complete this step. The revenue may already be in the 555002 account code, but may have been deposited in other account codes as well.
2. On the Appropriation Entry/Edit entry form, select the relevant appropriation(s) for the central services unit and enter the budgeted revenue in 555002 for FY 2019-23. Be sure to reduce the amounts in other account codes, if applicable. If changes are needed for actual FY 2017-18 contact Budget Operations budget.finance.mmb@state.mn.us.
3. Identify the expenditures associated with the support services provided to the programmatic units. These are the bills being paid by the programmatic areas to the central services unit. You may need to run reports from SWIFT to complete this step. The expenditures may already be in the 42000 account code, but other account codes may have been used as well.
4. On the Appropriation Entry/Edit screen, select the relevant appropriations from which payments are made to the central services unit and enter the budgeted expenditures for FY 2019-23 in

account code 42000. If changes are needed for actual FY 2017-18 contact Budget Operations budget.finance.mmb@state.mn.us.

5. Run fiscal reports to ensure the data is displaying correctly.

B. Direct Appropriated Special Revenue

A few state agencies have direct appropriations that are supported by a dedicated revenue source. These direct appropriations that are supported by dedicated revenues will need to be modified in BPAS. To ensure consistent treatment, agencies need to follow these instructions for BPAS.

In SWIFT, a control account is created with an attribute that identifies the dedicated revenues supporting the direct appropriations. In addition to the control account to deposit revenues, an appropriation to spend funds is also created in SWIFT. This appropriation is also tagged with an attribute in SWIFT. The revenues are deposited into the control account, and the appropriated amount is transferred into the expenditure account. The spending for the program is recorded in the dedicated expenditure appropriation, along with a transfer in from the control account. As part of the year-end close process, unspent funds are returned by a transfer to the control account so that they do not fall to the bottom line of the special revenue (or other) fund, but instead remain in the control account for their dedicated purpose.

In BPAS, both the control appropriation and the expense appropriation will be loaded, and both will be identified by the SWIFT attribute. This identification is a flag for MMB Budget Planning and Operations and EBOs to manually adjust the data for budget presentation purposes. Control accounts with the attribute will be treated in a similar way to non-dedicated revenue appropriations (type 99) in that they will only display on the Agency Change Summary fiscal report with other non-dedicated revenue amounts and will also be reported in the Consolidated Fund Statement (CFS). The control appropriation will only show revenue (or other sources as appropriate), and so will not net to zero. The transfer(s) out of the control account into the expenditure account(s) will be manually removed in BPAS.

The appropriation that records program expenditures and transfers in from the control account will be altered. The transfer in will be removed and replaced with the legislatively appropriated amount. The spending for the program is recorded in this expenditure appropriation, along with the direct appropriation (source). If the spending is less than legislatively appropriated amount plus other resources in the first year of the biennium, a balance forward out will be recorded. If spending is less than legislative appropriated amount plus other resources in the second year of the biennium, a cancellation will be recorded. In most cases for actual years, the cancellation in the second year of the biennium should match the correcting transfer back to the control account made as part of the fiscal close process in SWIFT.

Agency Action Steps:

1. For FY 2019 in BPAS, delete the transfers from the control appropriation.
2. Contact MMB Budget Planning and Operations to enter the legislatively appropriated amount in the appropriation field in BPAS for FY 2018-23 and to delete the FY 2018 transfer from the control appropriation.

C. Appropriations with Loan Activity (Loan Issuances and Receipts)

Loan issuances (14100 - Loans Receivable-Exp Bud) and loan receipts (140005 Loan Receipts) will load into the Loan Activity-Out and Loan Activity-In accounts in BPAS. Even though these are not revenue or expenditure account codes, but balance sheet accounts The Loan Activity-In and Loan Activity-Out

are part of the Available Resources calculation and will help agencies with loan activity reflect accurate appropriation balances. These fields will be shown as a Net Loan Activity amount on the Financing by Fund fiscal report. A positive net amount increases your Available Resources and a negative net amount decreases your Available Resources.

Action Steps:

1. Verify the loaded FY 2019 budgeted Loan Activity-Out and Loan Activity-In amounts from SWIFT accurately reflect the loan activity for the fiscal year.
2. Enter budgeted amounts for FY 2020-23.
3. Verify the Net Loan Activity account is displayed correctly on the Financing by Fund fiscal report.

Appropriation Budgeting									
(Dollars in Thousands)									
	Actual	Actual	Actual	Current	Estimated	Estimated	Estimated	Estimated	
+	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	
+ Balance Forward In (BFIN)	1,180	1,267	1,267	1,569					
+ Appropriation (APPTOT)			0	0	0	0	0	0	0
+ Revenues (REV)	8	14	14	8	8	8	8	8	8
+ Net Transfers (NETTRAN)									
- Net Loan Activity (NETLOAN)	80	288	288	-1,212	-1,212	-1,212	-1,212	-1,212	-1,212
Loan_Act_In - Loan Activity In	472.62657	557.77548	557.77548	388	388	388	388	388	388
Loans In (LOANIN)	473	558	558	388	388	388	388	388	388
Loan_Act_Out - Loan Activity Out	392.79607	269.67378	269.67378	1,600	1,600	1,600	1,600	1,600	1,600
Loans Out (LOANOUT)	393	270	270	1,600	1,600	1,600	1,600	1,600	1,600

2000 - Restrict Misc Special Revenue							
Balance Forward In		46,142	54,784	54,931	57,237		
Receipts		116,899	76,798	77,920	222,131	222,131	222,131
Transfers In		213	13	13	606		
Transfers Out		213	69	69	6		
Net Loan Activity		483	616	616	616	616	616
Balance Forward Out		51,657	35,837	57,236			
Expenditures		111,867	96,305	76,170	267,229	267,229	267,229
Biennial Change in Expenditures					135,227		191,059
Biennial % Change in Expenditures					65		56
Full-Time Equivalents		38.18	45.82	45.80	45.80	45.80	45.80

D. Contract Reporting Requirements

Minnesota Statute 16A.11, Subd. 3(c) requires that detailed budgets include information on professional and technical contracts as part of the biennial budget.

A professional technical services contracts report will be generated from BPAS based on the actual dollars spent or budgeted in the object class 41130 (Professional Technical Services with Outside Vendors) and 41145 (IT/Prof/Tech O/S Vendor).

Prior to budget publication, a copy of the report will be made available to agencies for review and to be prepared to explain significant changes between biennia if questions are received from legislative committees. The report will also be made available to legislative committees at the time of the

Governor’s budget release. The [2018-19 Professional and Technical Contract](https://mn.gov/mmb/assets/FY18-19%20PT%20Contract%20Report_tcm1059-275187.pdf) (https://mn.gov/mmb/assets/FY18-19%20PT%20Contract%20Report_tcm1059-275187.pdf) is on the MMB website and a sample of the report is shown below:

Professional and Technical Contract Report									
Table One: Professional and Technical Contracts by Agency and Fund (Dollars in Thousands)									
Agency	Fund	FY 2014-15 Total	FY 2016-17 Total	Biennial Percent Change	FY 2018-19 Base Total	Biennial Percent Change	FY 2018-19 Governor's Recommendation	Percent Change from Base	Governor's Recommendation as Percent of Total
Accountancy, Board of	1000 - General	11	2	-81.0%	4	100.0%	4	0.0%	0.0%
Accountancy, Board of	ALL FUNDS	11	2	-81.0%	4	100.0%	4	0.0%	0.0%
Administration	1000 - General	3,222	933	-71.1%	119	-87.3%	119	0.0%	0.0%
Administration	2000 - Restrict Misc Special Revenue	226	674	197.7%	583	-13.5%	583	0.0%	0.0%
Administration	2001 - Other Misc Special Revenue	4,224	5,043	19.4%	5,028	-0.3%	5,028	0.0%	0.4%
Administration	2301 - Arts & Cultural Heritage Fund	13	58	345.7%	-	-100.0%	-	-	0.0%
Administration	2403 - Gift	127	34	-73.6%	75	123.0%	75	0.0%	0.0%
Administration	3000 - Federal	366	402	9.8%	540	34.2%	540	0.0%	0.0%
Administration	4500 - Mn Bookstore	0	-	-100.0%	-	-	-	-	0.0%
Administration	4501 - Coop Purchasing	1,899	2,815	48.2%	3,860	37.1%	3,860	0.0%	0.3%
Administration	4502 - Surplus Property	17	257	1382.8%	429	66.7%	429	0.0%	0.0%
Administration	5100 - Fleet Service	2	122	6953.8%	130	6.5%	130	0.0%	0.0%
Administration	5203 - Central Mail lsf	2	17	677.8%	-	-100.0%	-	-	0.0%
Administration	5300 - Risk Management	1,276	759	-40.5%	697	-8.2%	697	0.0%	0.1%
Administration	5400 - Plant Management	2,839	2,975	4.8%	1,381	-53.6%	1,381	0.0%	0.1%
Administration	ALL FUNDS	14,214	14,089	-0.9%	12,842	-8.9%	12,842	0.0%	1.0%

E. Internal Service Fund Financial Statements and Narrative

Agencies with internal service funds are required to submit the following information with their detailed budget for each internal service fund by November 30:

1. Prepare Revenues, Expenses and Changes in Net Assets and a Net Assets Financial Statements from the provided template.
2. Prepare a brief narrative which contains the following:
 - Complete the header information: agency name, the program or budget activity that applies to the internal service fund being described, and the name of the fund
 - Background of the services or products the fund provides to state agencies
 - Detail of any loans from the general fund
 - Proposed investments in technology or equipment of \$100,000 or more
 - Explanation of change in net assets
 - Explain reasons for rate changes
 - Impact of rate changes on affected agencies

Specific instructions and templates for the Internal Service Fund Financial Statements and Narrative are on the [MMB Biennial Budget Instructions website](#).

F. Grants Funding Detail

The grants funding detail is an optional appendix element of the budget document. The stand-alone grants funding detail document is not necessary for all agencies and should be included based on consultation with your executive budget officer. Agencies with significant pass through funding or local grant payments should prepare a funding detail page to explain the level and nature of payments to individuals or local assistance payments. If grants are a minor portion of a given activity, the agency may provide the necessary information to explain payments to individuals and local assistance in the program or budget activity narrative rather than preparing a separate page.

Specific instructions and template for the Grants Funding Detail are on the [MMB Biennial Budget Instructions website](https://www.mn.gov/mmb/budget/budget-instructions/bibudprep/) (https://www.mn.gov/mmb/budget/budget-instructions/bibudprep/).

X. Fiscal Report Descriptions

The final step in preparing your agency's base budget is to review the fiscal reports that will be included in the published budget document. There are three different fiscal reports. Each fiscal report can be run at the agency, program, or activity level. All agency budget books will include agency-level reports. An agency's budget structure will determine whether its budget book includes lower level fiscal reports. Each fiscal report is described in brief below.

A. Expenditures Overview

The Expenditures Overview fiscal report summarizes actual and budgeted expenditures for the prior, current, and the forecast base, and governor's recommendations for the upcoming biennium. The report contains four sections:

1. Expenditures by Fund
2. Expenditures by Program (agency-level report) or Activity (program-level report). This section is not included in the activity-level report.
3. Expenditures by Category
4. Full-Time Equivalents (FTE)

The Expenditures by Fund section calculates the biennial change and percentage change in total expenditures, comparing the current to the prior biennium, and the forecast base for the current biennium. When run for the governor's budget, the biennial change and percentage change in total expenditures comparing the governor's recommendation to the forecast base are added.

B. Financing by Fund

The Financing by Fund fiscal report summarizes actual and budgeted resources, expenditures, and FTE by fund for the prior, current, and the forecast base, and governor's recommendations for the upcoming biennium. The report compares the forecast base to the current biennium, calculating the biennial change and percentage change in total expenditures. When run for the governor's budget, the report includes the governor's recommendations for the next biennium and calculates the biennial change and percentage change in expenditures compared to the forecast base.

C. Change Summary

The Change Summary fiscal report summarizes budget data for the current fiscal year and the next biennium. When run for the governor's budget, each agency's report will also list the governor's recommended change items for the next biennium. The report has two sections:

1. The first section summarizes total appropriations by appropriation type group and fund, itemizing base adjustments and change items for direct and open type appropriations, and planned spending with each change item for dedicated type appropriations by fund.
2. The second section is a Revenue Change Summary that contains forecast revenues for dedicated and non-dedicated types and itemizes recommended revenue change items by fund.

XI. Fiscal Reports Examples

A. Agency Expenditure Overview Fiscal Report

Agriculture

Agency Expenditure Overview

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
<u>Expenditures by Fund</u>								
1000 - General	29,219	37,286	32,520	43,437	40,286	40,447	44,274	44,973
2000 - Restrict Misc Special Revenue	3,897	1,372	1,760	1,331	1,778	1,884	1,778	1,884
2001 - Other Misc Special Revenue	3,957	4,125	4,666	4,092	5,671	5,737	5,671	5,737
2018 - Agriculture Fund	26,045	27,106	32,067	37,630	40,153	39,614	41,785	41,246
2050 - Environment & Natural Resource	249	594	373	406	187	151	187	151
2302 - Clean Water Fund	3,742	10,001	13,208	13,663	989		9,797	8,808
2403 - Gift	92	83	5	13	33	33	33	33
2801 - Remediation Fund	1,902	1,945	2,044	2,063	2,048	2,048	2,053	2,057
3000 - Federal	7,286	7,314	8,686	12,088	16,850	10,857	16,850	10,857
6000 - Miscellaneous Agency	57	51	61	190	190	79	190	79
8200 - Clean Water Revolving Fund	5,041	26						
Total	81,486	89,902	95,390	114,913	108,185	100,850	122,618	115,825
Biennial Change				38,914		(1,268)		28,140
Biennial % Change				23		(1)		13
Governor's Change from Base								29,408
Governor's % Change from Base								14
<u>Expenditures by Program</u>								
Protection Service	48,964	56,189	52,606	69,385	58,367	56,424	69,884	67,898
Promotion and Marketing	4,789	5,315	6,749	7,752	7,937	7,986	7,937	7,986
Ag. Energy, Bioproduct Advncmt	6,051	12,744	13,170	25,277	28,266	22,649	28,266	22,649
Admin and Financial Assist	18,691	15,821	12,864	12,499	13,615	13,791	16,531	17,292
Total	81,486	89,902	95,390	114,913	108,185	100,850	122,618	115,825
<u>Expenditures by Category</u>								
Compensation	35,482	36,537	38,306	40,954	42,433	41,407	47,010	46,589
Operating Expenses	25,890	32,559	36,304	37,595	30,766	30,257	39,474	38,957
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Total Agency Expenditures	81,486	89,902	95,390	114,913	108,185	100,850	122,618	115,825
Internal Billing Expenditures	4,292	4,804	5,254	5,273	5,786	5,795	6,338	6,547
Expenditures Less Internal Billing	77,194	85,099	90,136	109,640	102,399	95,055	116,080	109,278
Full-Time Equivalents	431.96	438.30	447.17	460.53	472.29	452.22	520.49	502.02

B. Agency Financing by Fund Fiscal Report

Agriculture

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY16	Actual FY17	Actual FY18	Estimate FY19	Forecast Base		Governor's Recommendation	
					FY20	FY21	FY20	FY21
1000 - General								
Balance Forward In	560	3,852	1,414	5,608	462	516	462	516
Direct Appropriation	31,625	34,779	51,376	49,217	49,139	48,964	53,477	53,840
Transfers In	168	1,381	3,349	4,996	45	45	45	45
Transfers Out	484	1,765	18,176	15,675	8,844	8,844	9,194	9,194
Cancellations		789	42	247				
Balance Forward Out	2,650	172	5,402	462	516	234	516	234
Expenditures	29,219	37,286	32,520	43,437	40,286	40,447	44,274	44,973
Biennial Change in Expenditures				9,452		4,776		13,290
Biennial % Change in Expenditures				14		6		18
Governor's Change from Base								8,514
Governor's % Change from Base								11
Full-Time Equivalents	128.20	126.55	129.77	152.75	50.40	159.60	173.50	174.10
2000 - Restrict Misc Special Revenue								
Balance Forward In	11,875	12,097	12,410	11,241	10,830	6,268	10,830	6,268
Receipts	3,813	1,669	1,100	2,000	1,767	1,756	1,767	1,756
Transfers In	170	170	150	1,876				
Transfers Out			1,100	1,793				
Net Loan Activity		(182)	(484)	(743)	(4,551)	(1,187)	(4,551)	(1,187)
Balance Forward Out	11,962	12,884	11,342	10,830	6,268	4,953	6,268	4,953
Expenditures	3,813	1,377	1,760	1,331	1,778	1,884	1,778	1,884
Biennial Change in Expenditures				(2,178)		571		571
Biennial % Change in Expenditures				(41)		18		18
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	11.67	11.20	11.29	8.74	12.40	12.60	12.40	12.60
2001 - Other Misc Special Revenue								
Balance Forward In	5,744	6,079	6,859	7,382	8,660	8,170	8,660	8,170
Receipts	4,290	4,844	5,308	5,373	5,228	5,325	5,228	5,325
Internal Billing Receipts	4,267	4,832	5,265	5,296	5,185	5,285	5,185	5,285
Transfers Out				3	47	47	47	47
Balance Forward Out	6,077	6,798	7,501	8,660	8,170	7,711	8,170	7,711
Expenditures	3,957	4,125	4,666	4,092	5,671	5,737	5,671	5,737
Biennial Change in Expenditures				676		2,650		2,650
Biennial % Change in Expenditures				8		30		30
Governor's Change from Base								0
Governor's % Change from Base								0

C. Agency Change Summary Fiscal Report

Agriculture

Agency Change Summary

(Dollars in Thousands)

	FY19	FY20	FY21	Biennium 2020-21
<i>Direct</i>				
Fund: 1000 - General				
FY2019 Appropriations	49,217	49,217	49,217	98,434
Base Adjustments				
All Other One-Time Appropriations		(3,349)	(3,349)	(6,698)
One-Time IT Appropriations		(64)	(64)	(128)
Biennial Appropriations		175		175
Approved Transfer Between Appropriation		836	836	1,672
Current Law Base Change		2,324	2,324	4,648
Subtotal - Forecast Base	49,217	49,139	48,964	98,103
Change Items				
Maintaining Current Service Levels		741	1,326	2,067
Continuous Improvement to Customer Experience		750	750	1,500
Critical Core Capacity for Plant Pathogens and Pests		500	500	1,000
Pollinator Protection Account		500	500	1,000
Developing Minnesota's Next Generation of Crops		1,000	1,000	2,000
Noxious Weed, Invasive Plant and Pollinator Protection Program		300	300	600
Industrial Hemp Development Program		200	200	400
Food Certificate Fee Account		(50)	(50)	(100)
Agricultural Emergency Account		350	350	700
Establish Goal to Improve Water Quality 25% by 2025		47		47
Total Governor's Recommendations	49,217	53,477	53,840	107,317
Fund: 2050 - Environment & Natural Resources				
FY2019 Appropriations	511	511	511	1,022
Base Adjustments				
All Other One-Time Appropriations		(511)	(511)	(1,022)
Subtotal - Forecast Base	511	0	0	0
Total Governor's Recommendations	511	0	0	0
Fund: 2302 - Clean Water Fund				
FY2019 Appropriations	7,582	7,582	7,582	15,164
Base Adjustments				
One-Time Legacy Fund Appropriations		(7,582)	(7,582)	(15,164)
Subtotal - Forecast Base	7,582	0	0	0
Change Items				
Monitoring for Pesticides in Surface Water and Groundwater (Clean Water Fund Activities)		350	350	700
Nitrate in Groundwater (Clean Water Fund Activities)		2,085	2,086	4,171
Pesticide Testing of Private Wells (Clean Water Fund Activities)		1,000	1,000	2,000
Irrigation Water Quality Protection (Clean Water Fund Activities)		110	110	220
AgBMP Loan Program (Clean Water Fund Activities)		75	75	150
Agricultural Water Quality Certification Program (Clean Water Fund Activities)		2,750	2,750	5,500
Technical Assistance (Clean Water Fund Activities)		1,200	1,200	2,400
Academic Research/Evaluation (Clean Water Fund Activities)		663	662	1,325
Research Inventory Database (Clean Water Fund Activities)		50	50	100
Forever Green Initiative (Clean Water Fund Activities)		450	450	900

Agriculture

Agency Change Summary

Dollars in Thousands

	FY19	FY20	FY21	Biennium 2020-21
<i>Revenue Change Summary</i>	FY2019	FY2020	FY2021	2020-21
Dedicated				
Fund: 2000 - Restrict Misc Special Revenue				
Forecast Revenues	6,713	6,995	7,080	14,075
Total Governor's Recommendations	6,713	6,995	7,080	14,075
Fund: 2018 - Agriculture				
Forecast Revenues	28,682	29,092	29,378	58,470
Change Items				
Waste Pesticide Collection Fee		850	850	1,700
Pollinator Protection Account		250	250	500
Food Certificate Fee Account		182	182	364
Total Governor's Recommendations	28,682	30,574	30,660	61,034
Fund: 2403 - Gift				
Forecasted Revenues	33	33	33	66
Total Governor's Recommendations	33	33	33	66
Fund: 3000 - Federal				
Forecast Revenues	19,147	15,345	9,301	24,646
Total Governor's Recommendations	19,147	15,345	9,301	24,646
Fund: 6000 - Agency				
Forecast Revenues	212	2	2	4
Total Governor's Recommendations	109,362	105,496	94,150	199,646
Fund: 8250 - Rural Finance Administration				
Forecast Revenues	32	22	25	47
Total Governor's Recommendations	32	22	25	47
Non-Dedicated				
Fund: 1000 - General				
Forecast Revenues	4,133	4,133	4,133	8,266
Change Items				
Food Certificate Fee Account		(110)	(110)	(220)
Total Governor's Recommendations	4,133	4,023	4,023	8,046

XII. 2020-2021 Biennial Budget Checklist

Actions	Due Date	Status
1. Attend Agency BPAS Training	July 31 – August 14	
2. Submit Budget Narratives (Background narratives) on SharePoint: https://mn365.sharepoint.com/sites/MMB-Budget/SitePages/Home.aspx	August 24	
3. Complete Base Adjustments in BPAS <i>Key Report:</i> <ul style="list-style-type: none"> • Base Adjustments by Appropriation (Standard report) 	October 15	
4. Enter all revenue and spending estimates to complete “base” budget plans. This includes dedicated and non-dedicated revenue estimates. <i>Key Reports:</i> <ul style="list-style-type: none"> • Revenue by Appropriation, Activity and Program (Standard report) • Revenue Detail – Dedicated and Non-Dedicated, by Account (Standard report) • Expenditures by Fund, Program, Activity, Appropriation and Account (Standard report) 	October 15	
5. Review and Edit FTE. <i>Key Report:</i> <ul style="list-style-type: none"> • FTE by Appropriation (Standard report) 	October 15	
6. Complete Base Reconciliation in BPAS. <i>Key Reports:</i> <ul style="list-style-type: none"> • Account Net (Standard report) • Transfers Out (Standard report) • Transfers In (Standard report) 	October 15	
7. Run Fiscal Reports for November Forecast to validate agency, program and activity base budgets. <i>Key Reports:</i> <ul style="list-style-type: none"> • Expenditures Overview (Fiscal report) • Financing by Fund (Fiscal report) • Change Summary (Fiscal report) 	October 15	

Actions	Due Date	Status
<p>8. Certify agency base budget by uploading to MMB Budget Division Document Management SharePoint site in the agency 2020-21 Biennial Budget folder a signed base certification form and the three agency level fiscal reports: Expenditures Overview, Financing by Fund and Change Summary.</p> <p>https://mn365.sharepoint.com/sites/MMB-Budget/SitePages/Home.aspx</p>	October 15	
<p>9. Agency change items entered in BPAS, includes summary level funding and relevant base information. Draft change item narratives uploaded to MMB Budget Division SharePoint site in the CI Narratives folder. (https://mn365.sharepoint.com/sites/MMB-Budget/SitePages/Home.aspx)</p> <p><i>Key Reports:</i></p> <ul style="list-style-type: none"> • Change Item Summary – (Standard report) • Relevant Base – (Standard report) 	October 15	
<p>10. Forecast agencies enter forecast adjustments for caseload and enrollment driven programs into BPAS.</p> <p>Selective updates to revenue estimates for forecast.</p>	Mid November	
<p>11. Complete and submit budget appendix materials (if applicable) on MMB Budget Division Document Management SharePoint site:</p> <ul style="list-style-type: none"> • Federal Funds Summary • Grants Funding Detail • Internal Service Financial Statements and Narrative <p><i>Key Reports:</i></p> <ul style="list-style-type: none"> • Revenue by Appropriation, Activity and Program (Standard report) • Expenditures by Fund, Program, Activity, Appropriation and Account (Standard report) 	November 30	
<p>12. Complete agency departmental earnings report (if applicable)</p> <ul style="list-style-type: none"> • Instructions will be provided in early October • Required information entered in Departmental Earnings (DE) system <p><i>Key Report:</i></p> <ul style="list-style-type: none"> • DE Group Summary 	November 30	

XIII. How to Get Help

The best method to receive assistance from MMB with the biennial budget process or BPAS is to send an email to: budget.finance.mmb@state.mn.us.

Subject	MMB Contact Person
BPAS Technical Support	Help Desk swifthelpdesk.mmb@state.mn.us 651-201-8100 Ext. 3
BPAS System Access and Training	Nathan Easler budget.finance.mmb@state.mn.us
SharePoint Access for Budget Division Document Management SharePoint Site	Nathan Easler budget.finance.mmb@state.mn.us
Other Biennial Budget Instructions and Compensation Analysis Tool	Omar Ali budget.finance.mmb@state.mn.us
Forecast and Fund Statements	James Stelzner james.stelzner@state.mn.us Abdi Hassan abdirizak.hassan@state.mn.us
Agency, Base, Compensation Budgeting and FTE	Executive Budget Officers
Word Templates or Narrative Document Issues	Roxanne LaPlante roxanne.laplante@state.mn.us