

## FY 2020-21 Biennial Budget Instructions Governor's Budget Requests

### Context

These instructions provide information on the materials agencies will be required to provide for changes to base budgets to be considered for possible inclusion in the Governor's 2020-21 biennial budget recommendations to the legislature. Agencies should follow these instructions to bring forward all initiatives with a fiscal impact; this includes budget proposals and policy proposals submitted through the Governor's Office legislative initiative process that have a fiscal impact.

While considering which proposals to bring forward for new funding consideration, we ask that you evaluate existing programs and services to determine their effectiveness and consider how funding may be repurposed to pay for critical priorities. In addition, we ask that you identify where low or no cost alternatives exist as an alternative to new investments. Finally, keep in mind that budget proposals included in the Governor's budget will ultimately be public. Please use plain language to describe what your agency is proposing to invest in and make sure it is understandable to decision-makers, stakeholders, and the general public.

### Highlights

The form and format of budget requests are similar to the past biennial budget; however, there are some important items we would like to highlight. More detail regarding these requirements is included in the change item narrative template.

- **Operating Adjustments.** Change items to maintain your agency's current level of service should be submitted separately from those that seek additional funding to increase service levels. The change item form must clearly detail the cost drivers creating the operating need.
- **Fiscal Detail.** Provide fiscal detail reflecting key assumptions that drive the cost of your proposal, similar to the information required in a fiscal note. Fiscal detail may be uploaded separately in the budget system as an attachment if necessary.
- **Information Technology (IT).** The purpose of the IT spending in the change item must be detailed and costs for FY 2020-25 must be included in the narrative. An IT addendum must be completed for IT projects.
- **Evidence-based proposals.** Agencies will have the opportunity to highlight evidence-based proposals in their submissions. By completing the optional form described below, agencies will help the next governor understand the extent to which proposed investments have been proven to produce positive outcomes.

### Process, Deliverables and Timelines

Preparing the Governor's budget recommendations is done in several phases over multiple months. Background information is first gathered in the form of budget narratives which are submitted to MMB in August. These will be published to the MMB website by October 1. Next, an agency's base, or current law budget will be established in the Budget Planning and Analysis System (BPAS) by October 15. Agency base budget information our website (<https://www.mn.gov/mmb/budget/budget-instructions/bibudprep/>). Change items are due to

MMB by October 15<sup>th</sup>. These change item requests begin the final phase of the biennial budget process which start with these instructions and culminates with the Governor's budget recommendations released by February 19, 2019.

## Change Item Requests: Due October 15

The change item narrative template that agencies must use is available on our website <https://www.mn.gov/mmb/budget/budget-instructions/bibudprep/>. These change item narratives will be used by MMB and the Governor's Office to better understand your proposed changes, and ultimately will be published in an agency budget book if the proposal is included in the Governor's budget recommendations to the legislature.

Completing the change item request checklist:

- Change Item Narrative.** Complete a change item narrative for each item you would like considered in the Governor's 2020-21 biennial budget. Proposals should reflect distinct budget decisions and should not combine proposals such that key decision points are obscured.
- Change Item Entry in BPAS.** Enter change item summary level fiscal impact and relevant base information by fund in BPAS.
- Fiscal Detail for Change Item.** Provide fiscal detail supporting the key cost drivers of the change item to your Executive Budget Officer
- IT Requirements.** Discuss IT proposals with your Chief Business Technology Officer (CBTO) and make sure required IT documentation is submitted along with your change item template.
- Results Evaluation (Optional).** Consider whether your agency would like your change item to be evaluated by MMB experts for evidence-based results. Submit the evidence-based proposal form as well as the change item narrative to the Budget Division Document Management SharePoint site (<https://mn365.sharepoint.com/sites/MMB-Budget/SitePages/Home.aspx>), if your agency chooses to opt into this evaluation.
- Upload a complete change item narrative for each request to the Budget Division Document Management SharePoint site (<https://mn365.sharepoint.com/sites/MMB-Budget/SitePages/Home.aspx>) in the Biennial Budget/2020-21 Biennial Budget/CI Narratives folder.

## Enter Summary Level Fiscal Impact by Fund in BPAS: Due October 15

Agencies must use BPAS to enter summary fund level information related to each individual change item. The information collected in BPAS will be used by MMB to support the decision-making process with the Governor. Below is a list of the required elements:

- Change Item Name.** Develop a clear and concise name for the change item using the same title that was used on the change item narrative.
- Change Item Description.** Provide a brief and clear description of the change item request.
- Summary Level Fiscal Impact by Fund.** Identify the fiscal impact, both revenues and expenditures associated with the change item for each fund by year.
- Full Time Equivalent Position.** Identify new FTE and/ or FTE being maintained by year.
- IT.** Indicate whether the change item has IT expenditures. If your change item has ancillary IT expenditures, such as those associated with hiring a new FTE or system modifications to accommodate a program change, then you should select no. Select yes is if your proposal is for an IT project, an increase in IT staff support, or an increase in your agency's IT budget.
- Fee Change.** Indicate whether the change item includes a fee change.

- Rank.** Indicate the change item’s priority for your agency.

## Relevant Base Information by Fund in BPAS: Due October 15

Two additional required elements will help us to understand how much you currently spend, from all sources, on activities related to the request. When completing the ‘relevant base’ questions in BPAS, ‘base’ should be a relevant and specific comparison of the amount being requested to the current funding for the specific service at your agency. It should be identified by fund and at a low enough level of detail that it provides helpful context. This means it may be at a different level than either a program or budget activity base for the agency. For example, if funding is being requested to increase the frequency of boat launch inspections, the relevant base would be the amount of money currently being spent on boat launch inspections from all sources at your agency.

- Relevant Base Description.** Provide a definition of what is included in the base and describe the base budget numbers entered in Relevant Base Funding.
- Relevant Base Funding and FTE.** Identify the current funding base and FTE for the activity for which you’re requesting funds. Revenue base information need only be completed for proposals including revenue changes.

## Operating Related Change Items

Operating adjustment change items are defined as budget proposals for additional funding to ***maintain your agency’s current level of service***. If you are proposing new funding to increase your agency’s level of service for a program, this should be submitted as a separate change item.

In the narrative and supporting detail spreadsheet, please be specific and detailed about the cost drivers necessitating the adjustment and the assumptions on which you base the request. For example, known salary, employer-paid health care contributions, pension contributions, retirement costs, other compensation-related increases, lease, MN.IT services, legal services, and fuel and utilities. The detail you submit should include the amounts for each cost driver and a description of the assumptions you used to arrive at those costs. Also, please describe the impact on the agency if the operating adjustment proposal is not funded.

If your agency’s operating adjustment proposal includes funding for compensation, please include – in BPAS and on the change item form – the number of FTEs that will be maintained if the proposal is funded.

## IT Related Change Items

Please include your agency Chief Business Technology Officer (CBTO) when developing any IT related change items.

Technology related change items should be clearly identified both in the change item request narrative as well as in BPAS. Please complete the table on the narrative by noting the components of the project (infrastructure, hardware, software, MN.IT or agency staffing, training, etc.) and indicating each components costs for FY 2020-2025.

M.S. 16E.01 and 16E.03 requires that the state’s chief information officer review and report on any information technology projects in the Governor’s budget. To facilitate this review, agencies must work with their CBTO to complete the IT change item addendum (<https://www.mn.gov/mmb/budget/budget-instructions/bibudprep/>) for all IT projects. The addendum must be completed in addition to the change item narrative, and both must be submitted on SharePoint.

MMB will provide MN.IT with all agencies' information related to budget requests that have an IT impact so that they may complete their review of the requests. MN.IT staff may follow-up directly with individual agencies to request additional information.

## **Evidence-Based Proposal Form: Due October 15**

Your agency may complete an Evidence-Based Proposal Form for any budget proposals that your agency would like to see categorized as “evidence-based” during the budget review and decision-making process. You may submit this form for proposals to create new programs as well as proposals to change or expand existing activities. Completion of this form is optional. Some types of proposals (e.g., generic operating increases) are less likely have qualifying evidence of effectiveness. For more information, contact MMB's results management team at [resultsfirstmn@state.mn.us](mailto:resultsfirstmn@state.mn.us) or see the evidence-based policymaking page at <https://mn.gov/mmb/evidence/>.

## **Non-Executive Branch Agency Requests**

Budget requests submitted by non-executive branch agencies will be considered for inclusion in the Governor's budget recommendations. However, these requests will also be forwarded directly to the legislature on November 30 with the base budget information.

## **Resources to Assist Agencies**

The following resources are available to assist agencies when developing change items for consideration in the Governor's 2020-21 biennial budget. These documents can be found on the MMB Biennial Budget Instructions website (<https://www.mn.gov/mmb/budget/budget-instructions/bibudprep/>).

1. Change Item Narrative Template
2. IT Change Item Addendum
3. Evidence-Based Proposal Form
4. FY 2020-21 Budget Narrative Instructions:
  - Statewide Outcomes and Results Based Accountability Instructions
  - Plain Language and Style Instructions
  - Creating Accessible Documents
  - Using SharePoint for Document Submission
5. Budget Planning and Analysis System (BPAS) User Guide (<http://www.mn.gov/mmb/budget/statewide-budget-systems/bpas/>)