



FY 2022-23 Base Budget Instructions

Preparing Base Information in the Budget Planning and Analysis System August 2020

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I. What's in these instructions?

The instructions provide guidance for preparing financial data for the FY 2022-23 biennial budget. Specifically, it includes instructions about the following:

- Preparing agency historical (FY 2018-20) data
- Updating current year (FY 2021) budgets
- Establishing the base budget for FY 2022-23, and planning estimates for FY 2024-25.

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 the Budget Planning and Analysis System (BPAS). More detailed instructions for each of the 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/2022-23 Biennial Budget folder.

- Obtain access to BPAS, watch system instructional videos and participate in webinars
- Reconcile FY 2020
- Adjust and reconcile FY 2021 budgets as loaded from SWIFT to accurately represent the agency budget, including non-dedicated revenue estimates and FTE
- Develop FY 2022-23 base budget plans and FY 2024-25 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 2022 and 2023
 - Adjust FTE data in FY 2021 - 2025 for planned changes in FTE levels
 - Budget for all MN IT related expenses in Centralized IT Services (account codes 41196 and 41197)
 - Verify FY 2022 – 2025 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, 2020.

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 January 26.*
- 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 January 26*
- D. Change item narrative summaries – *published by January 26*
- E. Federal funds summary, grants funding detail, and internal service fund financial statements and narrative (if applicable for your agency) – *published by January 26*

IV. What happens when?

Date	What Happens ...
Weekend of August 21	FY 2020 close and FY 2021 budget data (as of FY 2020 close) are loaded from SWIFT (accounting system) to BPAS. FY 2021, current year, appropriation, revenue and expenditure budget data copied into FY 2022 – 2025. FY 2020 FTE is loaded from SEMA4 (payroll system) and copied to FY 2021 – 2025.
August 25	<p>BPAS and Departmental Earnings open for agency users. Base Budget and Departmental Earnings Instructions published. Agencies will be contacted by MMB about FY 2020 appropriations needing to be reconciled.</p> <p>Agency actions:</p> <ul style="list-style-type: none"> • Review loaded data. • Enter/edit dedicated revenue forecasts for FY 2022-23 and FY 2024-25 to establish available base budget amounts. • Enter appropriation base adjustments to establish/update direct and open appropriations for FY 2022-23 and FY 2024-25 to current law. • Adjust expenditure budgets within available resources. • Reconcile operating appropriations (FY 2020 – 2025) that have differences between available resources and uses of funding. • Enter/edit non-dedicated revenue forecasts for FY 2022-23 and FY 2024-25

Date	What Happens ...
August 28	Agency budget narratives due to MMB. Agency actions: <ul style="list-style-type: none"> • Final budget (background) narrative(s) uploaded into your agency Biennial Budget/2022-23 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 15	Agency base budgets due. Agency actions: <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	Agency change items due. (<i>Agencies should follow the Governor's Budget Request (Change) instructions that are forthcoming.</i>) Agency Actions: <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 your agency Biennial Budget/2022-23 Biennial Budget/CI Narratives folder (https://mn365.sharepoint.com/sites/MMB-Budget/SitePages/Home.aspx).
November	Agencies with forecast programs <ul style="list-style-type: none"> • Update budget estimates and base adjustments in BPAS prior to the November forecast release.

Date	What Happens ...
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 2018-20 actual, FY 2021 estimate or budget, FY 2022-23 base budget plans, as well as agency revenue and spending projections for the FY 2024-25 biennium.

Fiscal information for FY 2020 close and FY 2021 current budget will be loaded from SWIFT. The 2021 budget data (appropriations, revenues and expenditures) will then be copied into FY 2022-25. This will happen at FY 2020 hard close, which occurs over the weekend of August 21. Full-time equivalents (FTEs) for FY 2020 will be loaded from SEMA4 (payroll system). FTE data from FY 2020 will be copied FY 2021-25. Below is a summary of the fiscal years, the source of data, and the points of data entry.

Fiscal Year or Budget Period	Actual FY 2018	Actual FY 2019	Actual FY 2020	Current FY 2021	Budget Years FY 2022-23	Planning Years FY 2024-25
Financial Data Source	BPAS (SWIFT hard close)	BPAS (SWIFT hard close)	SWIFT hard close	SWIFT budget as of FY 2020 hard close	FY 2021 SWIFT budget data copied into FY 2022 - 2025	
FTE Data Source	SEMA4 (payroll system) at hard close	SEMA4 (payroll system) at hard close	SEMA4 (payroll system) at hard close	Actual FY 2020 FTE copied into FY 2021 - 2025		
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		

B. Distributing Planning Years

In addition to providing detailed revenue and expenditure information for FY 2022 and FY 2023 at the account level for all appropriations, agencies are required to provide account level base budget information for the planning years, FY 2024 and FY 2025. There is a distinct difference, however, in how FY 2024-25 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 long-term impact and affordability of FY 2022-23 budget proposals ("change items") are measured.

C. Budget Structure and Data

SWIFT or the accounting system is the source for FY 2020 and FY 2021 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 2020 hard close (August 21 weekend)*. Appropriations not fully allotted or budgeted will create more entry and reconciliation for agencies. Ensuring FY 2021 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 2021 budgets will have to be manually increased in BPAS to include any monies carried forward from FY 2020 at close for FY 2021 resources and uses to balance.

Proposed budget structure changes should have been submitted to your executive budget officer (EBO) for review and approval by August 14. If possible, structure changes should be made in SWIFT for FY 2021 with an effective date of July 1, 2020.

Agencies may wish to adjust current year data (FY 2021) 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 2021 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

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 2022-2025, 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 format 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 the data will be copied from FY 2021 current modified budget into FY 2022 – 2025.

Account	FY 2021 (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 2020</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 2018 and FY 2019

FY 2018 and FY 2019 data were loaded from SWIFT at their respective fiscal year close and are 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 2020

FY 2020 data will be loaded to BPAS as of the August 21, 2020 weekend. FY 2020 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 2020 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 or Budgetary Schedules. 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 2020 with the exception of non-dedicated or continuing appropriation types. **The definition of the term reconcile is Available Resources equal Uses by appropriation.**

- CFS funds (with the exception of the Special Revenue and Federal Funds) reconciled amounts should reflect FY 2020 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 2020 so the account net equals zero.
- Non CFS funds, an appropriation's sources and uses may be modified to reconcile FY 2020, so the account net equals zero.

VII. Agency Base Budget Preparation

Agencies are required to adjust projected FY 2022-23 and FY 2024-25 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 2021 direct and open appropriations, revenues and expenditures are the starting point for FY 2022-23 base budgets and FY 2024-25 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 2021 direct and open appropriations, revenue and expenditure budgets into FY 2022-25. Agencies are not allowed to change the direct or open appropriation amounts.

The "base" for an agency's budget in FY 2022-2025 is FY 2021 appropriation amounts adjusted for a limited number of technical changes. Agencies are required to enter adjustments for items that may distort FY 2021 appropriations as the starting point for the FY 2022-25 base levels – and to reconcile to official end-of-session planning estimates. These "base adjustments" represent technical and one-time changes to determine FY 2022-25 "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

2021 appropriation amounts to the base budget for FY 2022-23. In most cases, the base adjustments to FY 2022-23 amounts will continue into FY 2024-25.

- **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, Coronavirus Relief Fund (CRF) or COVID-19 Minnesota Fund appropriations, 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 2020, and there may be zero appropriation amounts shown for FY 2021. Agencies must adjust their base to ensure that FY 2022-23 and FY 2024-25 totals do not exceed the total amount appropriated for the current (FY 2020-21) 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 2021 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 2021 – 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 2022-23 or FY 2024-25, 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 provided 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 in 2018. Executive Budget Officers have re-sent pension allocations to the impacted agencies. 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 2021.
- ***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 would occur in the accounting system. Actual transfers for FY 2020 in SWIFT and current FY 2021 anticipated and year-to-date actual will be loaded into BPAS. Anticipated transfers not entered in SWIFT for FY 2021 may be added in BPAS. Agencies must enter all budgeted transfers for FY 2022 – 2025, as the FY 2021 transfers are not copied forward.

- 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 2022-25, agencies must follow the procedure below:

- The agency transferring the funds will enter the transfer at the appropriation where 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.

D. Forecasting Dedicated and Non-Dedicated Revenue

Agencies must review and revise FY 2021-25 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 2020
- Review revenue forecast methodology and assumptions with your assigned executive budget officer.
- Review and update all revenue forecast data for FY 2021-25 to provide data for the November 2020 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, 2020.
- 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 ([Minnesota Statutes 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 are provided in a separate documents located on the MMB website [MMB Biennial Budget Instructions website](#) (<https://www.mn.gov/mmb/budget/budget-instructions/bibudprep/>) and [MMB Budget Planning and Analysis System website](#) (<https://mn.gov/mmb/budget/statewide-budget-systems/bpas/>).

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 Statutes 3.3005](#) requires that most 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 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 Commission (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 revenues and expenditures to reflect anticipated levels of funding by following these steps:

1. **Forecasting Federal Revenues and Expenditures:** 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 2021-25 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 and expenditures should be included in BPAS by October 15 (the deadline for agency base budget data), including anticipated federal revenue/expenditures for FY 2021 submitted in the Fall Legislative Advisory Commission (LAC) submission. All anticipated federal funds should be included in the Federal Funds Summary table. **The agency total on the federal fund summary should tie to the total expenditures shown on your agency's fiscal report.** Agencies will also have an opportunity during the 2021 legislative session to update their anticipated federal fund revenue and expenditures.
 3. **Federal Funds Summary:** The federal fund 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 expenditure amounts for FY 2020, budget for 2021, and estimated amounts for FY 2022-23
- The number of full-time equivalent positions needed to implement the grant.

Specific instructions for the Federal Funds 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 2020 expenditures and FY 2021 budgeted amounts as a starting point; agencies should pay careful attention to future plans and ensure adequate funding is available for FY 2022-23 operating expenses. Agencies are not expected to plan out-year budget projections (FY 2024-25) for operating budgets with the same level of detail as their FY 2022-23 base budget plans.

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 2022-23. 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 2021-23. 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 2022-23 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 2022-23 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, 2021, January 1, 2022 and January 1, 2023
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 2021 and FY 2022 and on August 31 will also be available for FY 2023. For detailed information on the assumptions included in the SEMA4 salary projections, see the payroll bulletin on cost projections dated August 21, 2020: https://mn.gov/mmb/assets/20200821_tcm1059-444447.pdf.

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 2024-25:** Agencies are not expected to plan FY 2024-25 compensation budgets with the same level of detail as their FY 2022-23 base budget plans. Recognizing the difficulty in projecting compensation costs in FY 2022-23, and the constraint of flat base budget appropriations, agencies should plan for compensation costs in FY 2024-25 similar to those in FY 2023 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/budget/budget-instructions/bibudprep/) is available on the MMB Biennial Budget Instructions website at (<https://mn.gov/mmb/budget/budget-instructions/bibudprep/>).
- **Full Time Equivalent Positions (FTEs):** Along with establishing base budgets for compensation costs, agencies are required to enter estimated FTEs for FY 2021-25. FY 2020 FTE will be loaded into BPAS at the appropriation level. Unless there are known program changes in law, agencies should hold FY 2024-25 FTE levels at the budgeted FY 2023 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 2022-23 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 2022-23. Additionally, guidance and assumptions are provided below for some of these expense areas:

1. Lease Rates:

- **Space Needs** - it is important to consider other factors that might affect your agency's lease payments in the next biennium, such as programmatic changes and telecommuting plans for your agency's workforce. Agencies must plan for any of these changes that might impact the amount of square footage that your agency must lease. If your agency is planning changes that will affect large areas of contiguous space or would like assistance in evaluating space needs, contact Mary Waldrop (Mary.Waldrop@state.mn.us) to help identify and plan for your changing space needs based on options available.
 - **Capitol Complex Leased Space** – Lease rates for FY 2022-23 will be available in September 2020.
 - **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 Mary Waldrop (Mary.Waldrop@state.mn.us) to discuss options.

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:** The total statewide indirect costs typically remains relatively consistent from year-to-year on a statewide basis. However, the allocations to specific agencies may fluctuate. An individual agency's portion of a given allocation statistic may change from year-to-year. For example, the specific agencies audited and/or the number of audit hours spent at a given agency by the Office of the Legislative Auditor (OLA) varies from year-to-year. In addition, future legislative action affecting statewide cost allocations is unpredictable. Therefore, agencies should budget their statewide indirect costs for FY 2022-23 similar to their FY 2021 allocation, unless significant changes in an agency's use of statewide services are anticipated. Agencies should 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 2022-23.** The enterprise service rates for FY 2022-23 will be available in September 2020 to allow sufficient time for you to incorporate the rates in your agency's FY 2022-23 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 2022 and 2023, enter the amount into BPAS using the **Centralized IT Services – 41196 account code or Agency-Specific MNIT Services – 41197 account code**. Again, this amount should reconcile to the budget amount that your CBTO provides.

For FY 2024-25, you should plan for IT costs similar to those in FY 2023 and not assume further increases to the costs at this time.

Please remember that FY 2021 expense budgets get pushed forward to FY 2022-25 in BPAS. If you have FY 2021 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 distribute the expenses in **Centralized IT Services – 41196 and Agency-Specific MNIT Services – 41197 account codes**.

Agencies should not budget for products and services that are not subject to IT consolidation with the **Centralized IT Services – 41196 or Agency-Specific MNIT Services – 41197 account codes**. If you are budgeting for any of the items listed below, please do not include it in your **41196 or 41197 accounts** 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
5. **Enterprise billings:** For enterprise billings, or transfers, for enterprise services such as the children’s cabinet, state Chief Inclusion Officer, Statewide Executive Recruiter, Enterprise Training and Development, Office of Enterprise Sustainability, and the Governor’s office, please budget the same amount in FY 2022-25 as you were billed in FY 2021.

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 Billing 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 2021-25. 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 2021-25. Be sure to reduce the amounts in other account codes, if applicable. If changes are needed for actual FY 2019-20 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 2021-25 in account code 42000. If changes are needed for actual FY 2019-20 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 2021 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 2020-25 and to delete the FY 2020 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 2021 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 2022-25.
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
+ Name (CD)	FY18	FY19	FY20	FY21	FY22
+ Balance Forward In (BFIN)	2,372	2,520	2,584		
+ Appropriation (APPTOT)					
+ Revenues (REV)	157	177	192	150	150
+ Net Transfers (NETTRAN)					
- Net Loan Activity (NETLOAN)	13	-95	33		
Loan_Act_In - Loan Activity In	71.42692	79.37238	152.97159		
Loans In (LOANIN)	71	79	153		
Loan_Act_Out - Loan Activity Out	58.875	174.244	120.019		
Loans Out (LOANOUT)	59	174	120		
+ Cancellations (CANCEL)					
+ Balance Forward Out (BFOUT)	2,520	2,584			
Available Resources (SOURCES)	21	17	2,810	150	150
+ Expenditures (EXP)	21	17	8	3	3
Use of Funds (USES)	21	17	8	3	3
Account Net (NETACCT)	0	0	2,802	147	147

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 [2020-21 Professional and Technical Contract](#) 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 2016-17 Total	FY 2018-19 Total	Biennial Percent Change	FY 2020-21 Base Total	Biennial Percent Change	FY 2020-21 Governor's Recommendation	Percent Change from Base	Governor's Recommendation as Percent of Total
Accountancy, Board of								
1000 - General	5	20	299.8%	4	-79.7%	54	1250.0%	0.0%
Total Accountancy, Board of	5	20	299.8%	4	-79.7%	54	1250.0%	0.0%
Administration								
1000 - General	1,009	340	-66.3%	320	-5.8%	390	21.9%	0.0%
2000 - Restrict Misc Special Revenue	345	769	122.9%	137	-82.2%	137	0.0%	0.0%
2001 - Other Misc Special Revenue	5,628	5,919	5.2%	6,620	11.8%	6,620	0.0%	0.4%
2301 - Arts & Cultural Heritage	13	137	945.8%		-100.0%			
2403 - Gift	124	210	69.9%	50	-76.2%	50	0.0%	0.0%
3000 - Federal	477	566	18.7%	439	-22.5%	439	0.0%	0.0%
4501 - Coop Purchasing	2,455	3,949	60.8%	4,004	1.4%	4,004	0.0%	0.2%
4502 - Surplus Property	16	41	159.0%	40	-3.1%	40	0.0%	0.0%
5100 - Fleet Services	30	27	-9.4%	47	71.5%	47	0.0%	0.0%
5203 - Central Mail	27	1	-97.3%		-100.0%			
5300 - Risk Management	759	739	-2.6%	764	3.4%	764	0.0%	0.0%
5400 - Plant Management	3,313	2,214	-33.2%	1,272	-42.5%	1,272	0.0%	0.1%
Total Administration	14,196	14,913	5.0%	13,693	-8.2%	13,763	0.5%	0.7%

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](https://www.mn.gov/mmb/budget/budget-instructions/bibudprep/) (<https://www.mn.gov/mmb/budget/budget-instructions/bibudprep/>).

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 FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
<u>Expenditures by Fund</u>								
1000 - General	32,695	43,884	41,123	45,343	42,250	42,250	45,518	45,114
2000 - Restrict Misc Special Revenue	1,760	1,370	1,971	1,930	1,882	1,899	1,882	1,899
2001 - Other Misc Special Revenue	4,666	4,093	5,348	6,137	6,200	6,340	6,200	6,340
2018 - Agriculture	31,861	36,412	38,486	42,807	40,524	40,537	40,524	40,537
2050 - Environment & Natural Resources	373	405	662	1,615				
2301 - Arts & Cultural Heritage			138	162				
2302 - Clean Water	13,208	13,625	12,343	10,738			11,383	11,382
2403 - Gift	5	13		15	15	15	15	15
2801 - Remediation	1,544	1,607	1,508	1,969	1,959	1,959	1,959	1,959
3000 - Federal	8,686	12,053	13,017	13,384	11,664	11,750	11,664	11,750
6000 - Miscellaneous Agency	61	190	66					
Total	94,859	113,652	114,662	124,051	104,494	104,750	119,145	118,996
Biennial Change				30,151		(29,469)		(572)
Biennial % Change				14		(12)		(0)
Governor's Change from Base								28,897
Governor's % Change from Base								14
<u>Expenditures by Program</u>								
Protection Services		67,813	67,123	75,449	58,680	58,885	72,206	72,331
Promotion and Marketing	6,777	7,777	6,891	8,338	8,177	8,345	8,377	8,545
Value-added Products	13,170	25,583	25,895	25,073	23,561	23,714	23,561	23,714
Admin and Financial Assist	12,864	12,479	14,752	15,191	14,076	13,806	15,001	14,406
Total	94,859	113,652	114,662	124,051	104,494	104,750	119,145	118,996
<u>Expenditures by Category</u>								
Compensation	38,209	40,864	43,567	47,606	45,095	45,210	49,660	49,790
Operating Expenses	35,871	36,132	33,878	41,807	30,525	30,470	37,505	37,109
Grants, Aids and Subsidies	20,249	34,956	36,998	34,538	28,765	29,019	31,200	31,454
Capital Outlay-Real Property	120	1,103	93		42		660	539
Other Financial Transaction	411	597	125	100	67	51	120	104
Total	94,859	113,652	114,662	124,051	104,494	104,750	119,145	118,996
<u>Full-Time Equivalents</u>	447.23	460.17	480.57	506.73	471.44	468.62	521.00	518.18

B. Agency Financing by Fund Fiscal Report

Agriculture

Agency Financing by Fund

(Dollars in Thousands)

	Actual FY18	Actual FY19	Actual FY20	Estimate FY21	Forecast Base		Governor's Recommendation	
					FY22	FY23	FY22	FY23
1000 - General								
Balance Forward In	1,414	6,484	1,267	2,701				
Direct Appropriation	51,426	48,698	52,703	52,798	51,856	51,856	55,124	54,720
Transfers In	3,349	6,359	901	1,534	135	135	135	135
Transfers Out	18,176	17,037	11,050	11,690	9,741	9,741	9,741	9,741
Cancellations	42	257						
Balance Forward Out	5,277	362	2,698					
Expenditures	32,695	43,884	41,123	45,343	42,250	42,250	45,518	45,114
Biennial Change in Expenditures				9,887		(1,966)		4,166
Biennial % Change in Expenditures				19		(2)		5
Governor's Change from Base								6,132
Governor's % Change from Base								7
Full-Time Equivalents	129.77	154.20	159.40	173.43	169.62	169.02	184.27	183.67

2000 - Restrict Misc Special Revenue								
Balance Forward In	12,410	11,242	10,003	9,562	7,012	4,813	7,012	4,813
Receipts	2,207	1,581	2,154	1,840	1,667	1,736	1,667	1,736
Transfers In	150	217		134	85	85	85	85
Transfers Out	1,482	1,794	2					
Net Loan Activity	(441)	(101)	(1,411)	(2,594)	(2,069)	(673)	(2,069)	(673)
Balance Forward Out	11,844	10,793	9,563	7,012	4,813	4,062	4,813	4,062
Expenditures	1,771	1,370	1,971	1,930	1,882	1,899	1,882	1,899
Biennial Change in Expenditures				771		(120)		(120)
Biennial % Change in Expenditures				25		(3)		(3)
Governor's Change from Base								0
Governor's % Change from Base								0
Full-Time Equivalents	11.29	8.74	12.01	12.91	12.20	12.14	12.20	12.14

2001 - Other Misc Special Revenue								
Balance Forward In	6,859	7,383	8,663	8,633	8,030	7,433	8,030	7,433
Receipts	5,308	5,373	5,458	5,613	5,682	5,788	5,682	5,788
Internal Billing Receipts	5,265	5,296	5,335	5,494	5,582	5,696	5,582	5,696
Transfers Out		3	139	79	79	79	79	79
Balance Forward Out	7,501	8,661	8,633	8,030	7,433	6,802	7,433	6,802

C. Agency Change Summary Fiscal Report

Agriculture

Agency Change Summary

(Dollars in Thousands)

	FY21	FY22	FY23	Biennium 2022-23
<i>Direct</i>				
Fund: 1000 - General				
FY2019 Appropriations	52,798	52,798	52,798	105,596
Base Adjustments				
All Other One-Time Appropriations		(1,953)	(1,953)	(3,906)
Current Law Base Change		964	964	1,928
Pension Allocation		47	47	94
Approved Transfer Between Appropriation		0	0	0
Forecast Base	52,798	51,856	51,856	103,712
Change Items				
Agricultural Trade and Marketing		0	200	400
Farm and Rural Mental Health Assistance		225	225	450
Ag Emergency Preparedness and Response		0	300	925
Noxious Weed Program		900	900	1,800
Meat Inspection Program		150	150	300
Industrial Hemp Development Program		300	300	600
Critical Core Capacity for Plant Pathogens and Pests		250	250	500
Capital Equipment Replacement		618	539	1,157
Total Governor's Recommendations	52,798	55,124	54,720	109,844
Fund: 2050 - Environment & Natural Resources				
FY2019 Appropriations	681	681	681	1,362
Base Adjustments				
All Other One-Time Appropriations		(681)	(681)	(1,362)
Forecast Base	681	0	0	0
Total Governor's Recommendations	681	0	0	0
Fund: 2301 - Arts & Cultural Heritage				
FY2019 Appropriations	150	150	150	300
Base Adjustments				
One-Time Legacy Fund Appropriations		(150)	(150)	(300)
Forecast Base	150	0	0	0
Total Governor's Recommendations	150	0	0	0
Fund: 2302 - Clean Water				
FY2019 Appropriations	9,283	9,283	9,283	18,566
Base Adjustments				
One-Time Legacy Fund Appropriations		(9,283)	(9,283)	(18,566)
Forecast Base	9,283	0	0	0
Change Items				

XII. 2022-2023 Biennial Budget Checklist

Actions	Due Date	Status
1. Read BPAS and Departmental Earnings System User Guides, watch training videos and attend BPAS webinars		
2. Submit Budget Narratives (Background narratives) on SharePoint: https://mn365.sharepoint.com/sites/MMB-Budget/SitePages/Home.aspx	August 28	
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 2022-23 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.</p> <p>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 August • 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 option 2
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 Omar Ali omar.ali@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