FY 2026-27 Biennial Budget Instructions
Governor's Budget Requests

Context

The 2023 and 2024 legislative sessions made transformational investments that bring Minnesota closer to the Walz-Flanagan vision of making our state the best in the country for children to grow up in – those of all races, ethnicities, religions, economic statuses, gender identities, sexual orientations, disabilities, and zip codes. Although the budget picture is more constrained than it was two years ago, the Governor's FY 2026-27 biennial budget recommendations present an opportunity to further this vision and to protect the historic policies enacted during the last two legislative sessions.

Governor Walz will advance a budget that will promote the One Minnesota vision by working collaboratively to advance results-driven initiatives developed across agency silos. The process will again leverage interagency collaboration and public engagement with a focus on the strategic priorities found in the One Minnesota Plan:

- Children and Families
- Safe and Thriving Communities, Housing, Workforce
- Healthy Minnesotans
- Equity and Inclusion
- Minnesota's Environment
- Fiscal Accountability, Customer Experience, and Measurable Results

Central to the plan is ensuring that the budget reflects the input of community; those impacted by state investments need to have a seat at the table in developing it. It is also critical that state programs and services center the experience of our end users. As such, agencies are encouraged to ensure that those considerations are embedded in their budget proposals and to prioritize proposals that enhance the customer experience.

With limited resources, we want to invest in proposals that are likely to produce the intended outcomes. Agencies will be asked to articulate the results they expect to achieve through proposals and to provide any existing evidence that these results are likely. Proposals with the greatest likelihood of achieving their intended outcomes or plans to evaluate outcomes will be prioritized throughout the budget process.

Current projections indicate Minnesota will have a $1.7 billion general fund budget balance in the FY 2026-27 biennium. Although this is significant, Minnesota Management and Budget projects available resources will diminish over time, limiting the ability to fund new ongoing investments. Agencies should keep these constraints in mind and prioritize advancing budget proposals that leverage one-time resources to catalyze transformation across state government. Agencies should also consider places where programs could be modified to be more efficient or where funding could be reallocated to provide more effective services or higher priorities.

This document provides information on the materials required for changes to base budgets to be considered for possible inclusion in the Governor's biennial budget recommendations. Agencies should follow these instructions to bring forward all initiatives with a fiscal impact. As always, MMB and agencies will work together

to ensure budget materials are clear in describing the proposed changes to promote understanding of policymakers.

Overview

Three documents make up the instructions to complete the development of the FY 2026-27 biennial budget:

1. Preparing Budget Narratives (issued June 14)
2. Preparing Base Information in the Budget Planning and Analysis System (BPAS) (issued August 12)
3. Governor's Budget Request Instructions (issued today)

Timeline

Budget change items are due October 15. The table below outlines specific action steps agencies are required to take to finalize the FY 2026-27 biennial budget. This timeline includes activities detailed in the "Budget Narrative Instructions".

Action Step	Timeline or Due Date
Complete and submit background budget narratives to MMB	August 9
Background budget narratives published to the MMB website	October 1
Base budgets for all agencies complete in the Budget Planning and Analysis System (BPAS)	October 15
Change item narratives due to MMB, and BPAS entry for change items complete	October 15
Non-executive and constitutional office change items and all agency base budget information published to the MMB website	December 2
Executive decision making	November - January
Governor's FY 2026-27 Biennial Budget Recommendations submitted to the Legislature	By January 28
All bills necessary to implement the Governor's Budget available for introduction to Legislature	By February 12 (or 15 days after budget submission)

Agencies must submit all required documents or information to MMB by uploading to the agency specific Biennial Budget/2026-27 Biennial Budget/CI Narratives folder on the MMB Budget Division Document Management SharePoint site by the due date.

Submitting Budget Change Items

Change Item Requests Required Information

The change item narrative template that agencies must use is available on our [Biennial Budget Instructions webpage](). These change item narratives will be used by MMB and the Governor's Office to better understand your proposed changes and, if recommended by the Governor, will be published in an agency budget book.

Change item requests should be clear and factual descriptions of proposed changes to an agency's budget. If a change item is a package containing multiple discrete components, please consider separating it into multiple change items in order to promote understanding and clarity of decision points available to policy makers. The Change Item Narrative template includes other guidance to agencies, which has been drafted over time to ensure documents contain necessary information to consider the proposal.

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

Change item request required information:

- **Change Item Narrative**. Complete a change item narrative for each item you would like considered in the Governor's 2026-27 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 fund level fiscal impact.
- **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 narrative.

Enter Summary Level Fiscal Impact by Fund in BPAS

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 and Lieutenant Governor. Below is a list of the required BPAS 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.
- **Consult**. Indicate if the budget proposal affects Minnesota Tribal governments, requiring consultation with those governments.
- **Category A – Interagency Budget Workgroups**. Please use the drop-down menu to indicate if this is a proposal developed through an interagency budget workgroup. Please reach out to you Executive Budget Officer if you are uncertain about the status of one of your change items.

- **Category B – Equity**. Please use the drop-down menu to indicate if this proposal is designed to reduce racial and ethnic disparities.

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**. Although the General Fund forecast now includes a general estimate for discretionary inflation, this funding is not automatically allocated to fund rising costs of state services. If you are proposing new funding to increase your agency's level of service for a program, this must be submitted as a separate change item.

Below are examples of requests that do not maintain current service levels and must be submitted as a separate change item:

- Funding to increase a Division's staffing level that will address backlog or workload pressures
- Funding to extend a program or service set to expire or without on-going base amounts
- Funding to enhance a current IT system

Operating adjustment change item narratives should include a description and explanation of the assumptions used to arrive at the cost estimate. Operating adjustment requests *must be* accompanied by a spreadsheet outlining the supporting fiscal detail for the request. Proposals will not be considered without this 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, Minnesota Paid Leave costs, pension contributions, retirement costs, other compensation-related increases, lease, MNIT services, legal services, and fuel and utilities. Consistent with past practice, change items should not include projections for any across the board increases in compensation.

The Compensation Analysis Reporting Tool is a useful starting point for salary projections. The Compensation Analysis Reporting Tool user guide is available on the [Biennial Budget Instructions webpage](#). 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 narrative as well as in BPAS. Complete the table on the narrative by noting the components of the project (infrastructure, software, MNIT staffing, training, etc.) and indicating each component's cost for FY 2026-2031.

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 addendum section of the change item narrative for all IT projects.

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

Tribal Consultation Section

Agencies are required to consult with Minnesota Tribal governments on all legislative and fiscal matters that affect these governments and/or its members. In addition, agencies must proactively engage Minnesota Tribal governments to understand their priorities and how those priorities align with an agency's budget package. This

section in the change page allows the agency to document those consultative actions and at a minimum identify if the budget proposal was a tribal priority and list the specific Minnesota Tribal governments consulted as part of the budget development process.

Results Section

Agencies are required to provide information about how success of the proposal will be identified and measured, how it will be evaluated, and whether the proposal (in whole or in part) meets Minnesota's definition of evidence-based practices. This section contains substantial changes from previous years and is required for all proposals. To support this change, additional resources are available to assist agencies in completing the Results section, including identifying evidence-based practices. These resources can be accessed at https://mn.gov/mmb/budget/results-management/resources-for-state-agencies/. For more information or technical assistance with this section contact the MMB Results Management team at ResultsManagement@state.mn.us.

Public Engagement Section

Engaging the public is an important element of proposal development for the FY 2026-27 biennial budget. Agencies are asked in this biennial budget process to document in the change item template actions taken to engage the public on the problem a proposal is trying to solve or address. The intended result of this section is for agencies to convey, at a minimum, their approach; individuals, organizations or community groups contacted; outcome of discussions; and most importantly, how the proposal incorporates feedback from engagement efforts. This section should also detail unresolved issues or concerns that are appropriate for the Governor's Office.

This section will be removed from the change page prior to publication and is intended for decision-making purposes only.

Resources to Assist Agencies

The following resources are available to assist agencies when developing change items for consideration in the Governor's 2026-27 biennial budget. These documents can be found on the MMB Biennial Budget Instructions webpage.

1. Change Item Narrative Template, which includes the IT Addendum
2. Results Management Resource Webpage
3. FY 2026-27 Budget Narrative Instructions
   - Program Performance
   - Guide for Writing Budget Narratives
   - Creating Accessible Documents
   - Using SharePoint for Document Submission
4. Budget Planning and Analysis System (BPAS) User Guide and Instructional Videos (http://www.mn.gov/mmb/budget/statewide-budget-systems/bpas/)