



FY 2024-25 Biennial Budget Instructions Governor's Budget Requests

Context

Current projections indicate we will have a \$12.1 billion budget surplus in the general fund in the FY 2024-25 biennium. This is a dramatic improvement from where we were two years ago and presents incredible opportunity to transform the way state government serves Minnesotans and to tackle the great challenges facing our state.

The foundation of the Walz-Flanagan Administration is the One Minnesota Plan, and with it, the goal of improving the lives of all Minnesotans by working collaboratively to advance results-driven proposals, built across agency silos. Central to the plan is ensuring that the budget reflects the input of community; those impacted by the budget need to have a seat at the table in developing it. Most of all, Governor Walz wants a budget that will make his vision of Minnesota a reality: making our state the best in the country for our kids to grow up in, those of all of races, ethnicities, religions, economic statuses, gender identities, sexual orientations, (dis)abilities, and zip codes.

Therefore, Governor Walz and Lt. Governor Flanagan's FY 2024-25 biennial budget recommendations will build off the historic 2022 supplemental budget by focusing on several of the strategic priorities found in the One Minnesota Plan:

- Children and Families
- Access to Health Care
- Economic Recovery and Working Minnesotans
- Public Safety
- Minnesota's Environment and Climate Change
- Housing Stability

Across all these areas, agencies should prioritize proposals to reduce or eliminate inequities for people of color and Native Americans. Agencies are encouraged to think about proposals that leverage one-time resources to catalyze transformation across state government or that help Minnesotans grapple with rising costs. We also know that operational costs and sustaining current services will be important and necessary considerations. As always, agencies should consider places where programs should be modified to be more efficient, or funding redirected to more effective services.

This document provides 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 biennial budget recommendations. Agencies should follow these instructions to bring forward all initiatives with a fiscal impact.

Overview

Three documents make up the instructions to complete the development of the FY 2024-25 biennial budget:

1. Preparing Budget Narratives (issued June 30)
2. Preparing Base Information in the Budget Planning and Analysis System (BPAS) (issued August 11)

3. Governor’s Budget Request Instructions (issued today)

Timeline

Budget change items are due October 17. The table below outlines specific action steps agencies are required to take to finalize the FY 2024-25 biennial budget. This timeline includes activities detailed in the “Preparing Budget Narratives” and “Preparing Base Information in the Budget Planning and Analysis System” portions of the biennial budget instructions, as well as those described in these instructions.

Action Step	Timeline or Due Date
Complete and submit background budget narratives to MMB	August 26
Background budget narratives published to the MMB Website	October 3
Base budgets for all agencies complete in the Budget Planning and Analysis System (BPAS)	October 17
Change item narratives due to MMB, and BPAS entry for change items complete	October 17
Non-executive and constitutional office change items and all agency base budget information published to the MMB website	November 30
Executive decision making	November - January
Governor’s FY 2024-25 Biennial Budget Recommendations submitted to the Legislature	By January 24
All bills necessary to implement the Governor's Budget available for introduction to Legislature	By February 8 (or 15 days after budget submission)

Agencies must submit all required documents or information to MMB by uploading to the agency specific Biennial Budget/2024-25 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 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, if recommended by the Governor, will be published in an agency budget book.

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 checklist:

- Change Item Narrative.** Complete a change item narrative for each item you would like considered in the Governor’s 2024-25 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.
- Category A – Interagency Budget Workgroups.** Please use the drop-down menu to indicate if this is a proposal developed through an interagency budget workgroup.
- 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. 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. Operating adjustment requests **must be** accompanied by a spreadsheet outlining the supporting detail for the request. Proposals will not be considered without this spreadsheet.

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, MNIT 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. The Compensation Analysis Reporting Tool is a useful starting point for salary projections. The Compensation Analysis Reporting Tool user guide is available on the MMB Biennial Budget Instructions webpage (<https://www.mn.gov/mmb/budget/budget-instructions/bibudprep/>). 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 2024-2029.

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 - New

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.

Evidence-Based Proposal Section

In recent budgets, MMB has provided a voluntary form for agencies to complete for items they considered to be "evidence-based." For this year's budget process, this information has been embedded in the change item template. Please complete the prompts on the template if your agency would like a change item categorized as "evidence-based" during the budget review and decision-making process. For more information, contact the MMB Results Management team at ResultsManagement@state.mn.us or see the evidence-based policymaking website <https://mn.gov/mmb/evidence/>.

Public Engagement Section - New

Engaging the public is an important element of proposal development for the FY 2024-25 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 2024-25 biennial budget. These documents can be found on the MMB Biennial Budget Instructions webpage (<https://www.mn.gov/mmb/budget/budget-instructions/bibudprep/>).

1. Change Item Narrative Template, which includes the IT Addendum
2. Evidence-Based Proposal Website
3. FY 2024-25 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/>)