FY 2028-29 Biennial Budget Instructions
Governor's Budget Requests

Context
Developing the FY 2028–29 biennial budget will be one of the first major opportunities for the new administration to lay out its priorities and vision for Minnesota. The Governor's budget must be completed and submitted to the legislature by February 16, 2027. As this work begins, agency leaders and budget staff play an important role in providing the governor-elect and transition team with clear, data-driven budget options. These options should ensure that agency operations continue effectively, while keeping the focus on delivering mission-critical services with integrity and accountability.

The state's financial outlook will guide the development of the FY 2028-29 biennial budget. The state budget will face significant constraints in the upcoming biennium, despite changes enacted over the last two years that have meaningfully improved our financial position. Current projections indicate a negative projected balance in the budget years, which would be a positive balance of about $1.0 billion without factoring in the cost of discretionary inflation. However, a structural deficit of nearly $2.0 billion creates significant pressure in our longer-term fiscal solvency, limiting the capacity for new spending and necessitating the evaluation of current budgets.

Agencies should keep these constraints in mind and only submit budget proposals that meet these focused and strategic objectives:

- Operating adjustments necessary to maintain current service levels
- Advancing program integrity and fraud prevention initiatives
- Investments that are mission critical to delivery of existing services
- Spending reductions through service or program change

Agencies should only submit new funding requests for programs and services that are mission-critical. New requests should clearly demonstrate how the proposed activity advances the agency's core responsibilities, the value it provides to Minnesotans, and the performance measures used to assess effectiveness. Agencies should also explain the implications if the proposal is not funded, including impacts on essential services, statutory obligations, and/or the agency's ability to meet its mission.

Given budget constraints outlined above, agencies must also submit proposals to reduce spending where existing programs or services could be adjusted or where funding can be redirected to support more effective activities or higher priorities including new budget proposals. Agencies should assess how programs align with their strategic priorities and statutory responsibilities and leverage outcome and performance measures to identify programs where funding could be reduced or eliminated. Additional guidance and direction on reduction proposals will be provided to cabinet agencies.

Operating Adjustments

Operating adjustment change items are defined as budget proposals for additional funding to maintain your agency's current level of service. Throughout the budget development process, your agency will be setting its base budget in alignment with MMB's FY 2028-29 Base Budget instructions, which will demonstrate how your agency will manage future cost pressures.

Agencies may request operating increases when affordability of known cost pressures is only met through service declines or staffing reductions. Operating adjustments **must be** accompanied by a detailed spreadsheet that clearly breaks out cost components and justifies the request. Your Executive Budget Officer will work with you to identify and evaluate justification of need. More detailed instructions can be found on page 4.

Advancing Program Integrity and Fraud Prevention Initiatives

Agencies may submit proposals that advance program integrity and internal controls functions within the agency, as well as strengthen fraud prevention efforts by implementing recommendations from the *Roadmap to Program Integrity* and the *Minnesota Fraud Control Toolkit*. Budget proposals in this area should clearly identify the risks being addressed and outline how the proposed approach will mitigate those risks. Agencies should also describe how they will monitor and measure the impact of these efforts over time. These proposals should prioritize safeguarding public resources while ensuring that eligible Minnesotans continue to receive timely and effective services.

The remainder of this document provides information on the materials required for proposals 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 2028-29 biennial budget:

1. Preparing Budget Narratives (issued June 15, 2026)
2. Preparing Base Information in the Budget Planning and Analysis System (BPAS) (issued August 18, 2026)
3. Governor's Budget Request Instructions (issued August 18, 2026)

Timeline

Budget change items are due October 15. The table below outlines specific action steps agencies are required to take to finalize the FY 2028-29 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 7
Background budget narratives published to the MMB website	October 1
Base budgets for all agencies complete in the Budget Planning and Analysis System (BPAS) (M.S. 16A.10, subd. 2)	October 15
Change item narratives due to MMB, and BPAS entry for change items complete (M.S. 16A.10, subd. 2)	October 15
Base budget data submitted to the Legislature (M.S. 16A.10, subd. 2)	November 30
Non-executive branch and constitutional office change items published to the MMB website	November 30
November Economic Forecast released	Early December
Gubernatorial transition	November - January
Governor decision making	January - February
Governor's FY 2028-29 Biennial Budget Recommendations submitted to the Legislature (M.S. 16A.11, subd. 1)	February 16, 2027
February Economic Forecast released	End of February
All bills necessary to implement the Governor's Budget available for introduction to Legislature	By March 3 (or 15 days after budget submission)
Governor's Revised Proposed Budget submitted to the legislature and published to the MMB Governor's Budget Recommendations webpage	March

Agencies must submit all required documents or information to MMB by uploading to the agency specific Biennial Budget/2028-29 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.

Agencies must assess whether the components of a proposal should be separated into distinct change items and ensure that any change items with multiple components are clearly identified and organized.

- 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.
- A change item that has multiple related components must include a summary table breaking out those components.

Agencies must clearly identify and explain all changes in policy, budget, and underlying assumptions.

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 2028-29 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. 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.
- **Rank**. Indicate the change item's priority for your agency.
- **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.
- **Consult**. Indicate if the budget proposal affects Minnesota Tribal governments, requiring engagement with those governments.
- **Evidence-Based**. Indicate whether the change item is an evidence-based proposal, based on the responses to the change page questions regarding the existing evidence and the evidence-based practices that may increase or decrease as a result of the change item.
- **Category A – Submission Priority Area**. Please use the drop-down menu to indicate the submission priority area for this proposal (operating adjustment, program integrity, mission critical, reductions).
- **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 <u>should not</u> 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 2028-2033.

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 Implications

Agencies are required to consult with Tribal governments on all legislative and fiscal matters that affect these governments and/or its members. Minnesota Statute 10.65 states that matters that have Tribal implications are actions that have substantial effects on one or more Tribal governments or on the distribution of power and responsibilities between the state and Tribal governments. For other matters that would affect Tribal members and American Indian communities or an issue that is important to Tribal governments and/or American Indian communities, whether positively or negatively, engagement with Tribal leaders, Tribal communities, and other American Indian community members is recommended but not required.

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. This section is required for all proposals. Additional resources are available to assist agencies in completing the Results section, including identifying evidence-based practices, on the MMB Results in Budgeting webpage. For more information or technical assistance with this section contact the MMB Results Management team at ResultsManagement@state.mn.us.

Public Engagement Section

Due to administrative transition, **please contact your policy advisor before conducting public engagement** on a particular proposal.

After reviewing purpose and approach with your policy advisor, agencies that engage the public on a proposal should use this section of the change item template to document actions taken and the problem a proposal is trying to solve or address. This includes the approach; the individuals, organizations or community groups contacted; the 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 and next administration.

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 2028-29 biennial budget.

1. MMB Biennial Budget Instructions webpage
    a. Change Item Narrative Template, which includes the IT Addendum

   b. The FY 2028-29 Budget Narrative Instructions, which includes:
      i. Program Performance
      ii. Guide for Writing Budget Narratives
      iii. Creating Accessible Documents
      iv. Using SharePoint for Document Submission
2. [Results Management Resource Webpage]
3. [BPAS System webpage]
   a. BPAS User Guide
   b. BPAS Instructional Videos