

Preparation of Background Materials

Action Steps and Timeline

Please review the most recent version of the Agency Profile, Program and Budget Activity narratives in the Biennial Budget System (BBS) and make any necessary changes. Initial agency revisions can be completed in BBS up until 7:00 a.m. Monday, July 28, 2008. BBS will be closed for data loads to establish the structure and financial data for the FY 2010-11 biennial budget from July 28 to August 11, 2008. Please feel free to continue to work on your budget documents off-line while BBS is closed.

Up until BBS closes on July 28th, you will notice that the document headers and footers still reflect the last biennial budget and the new section on **Key Goals** (explained on page 3) has not been incorporated. You may choose to add this section to the appropriate small agency, program or budget activity narrative documents within BBS or use the updated templates posted to the department web site. When BBS is reopened on August 11th, the headers, footers, and new Key Goals section will be updated and BBS will be set up for FY 2010-11 budget preparation.

Agencies must finalize their background materials by August 29. When all revisions are complete, please notify your executive budget officer (EBO) that the materials are ready for review. Following their review, each agency's materials will be posted on the Department of Finance and Employee Relations' web site in late September. Please review your materials carefully as future edits will be largely limited to post-forecast updates in early December.

Audience and Orientation

As you will recall, these materials are intended to provide an objective, factual presentation of your agency's mission, goals and activities. They are not intended to justify budget requests or decisions. Due to this orientation, we expect relatively modest revisions to the materials from the previous budget.

In order to maximize the useful life of the materials, agencies should use round numbers and avoid specific references to data such as dollar amounts, FTE or to specific personnel in your agency.

Budget Structure

More significant changes may need to be made to the budget documents if your agency has undergone significant changes to the budget structure since the last biennial budget. In this case, you may need to develop new Program or Budget Activity narratives. Templates are available for these narratives on the Finance web site, at <http://www.budget.state.mn.us/budget/operating/201011/informationforms.html>.

Recent biennial budgets have significantly reduced the duplication that used to exist between the program and budget activity levels. To this end, agency budget presentations will again focus on *either* the program *or* the budget activity level, but not both. For most agencies, this decision is largely reflected in and dictated by your

appropriation structure. Agencies will either (1) present their budget at the program (PROG) level, with no budget activity description, or (2) present their budget detail at the budget activity (BACT) level, with the program level serving only as an introduction to the budget activities contained within the program.

Your EBO can help to walk you through the options and the corresponding narrative templates.

General Instructions for Style and Format

Please write your narratives in the third person, using active descriptive verbs whenever possible. Use concise, bulleted descriptions when possible and avoid dense blocks of text. When constructive, please include graphics to highlight and illustrate key information.

Agency Profiles, Program Narratives and Budget Activity Narratives should be limited to two pages each. For smaller programs or budget activities, a one-page presentation is appropriate.

We encourage you to use materials that you use on a daily basis to explain your agency's activities to the general public. We also strongly encourage you to draw on the expertise of your communications staff or other in-house resources in order to ensure that the documents are clear and understandable for a general audience.

"At a Glance" Box

Concisely explaining a complex program is difficult. The "At a Glance" box is designed to help the reader gain a basic overview of the agency, program or budget activity through quantitative data. Please provide a set of succinct bullets on your Agency, Program and/or Budget Activity narratives that provide context for the reader.

Some examples might include:

- Who uses the services provided by the program? How many people, counties, or districts participate? What is the participation rate for eligible applicants?
- How big is the program (dollars and/or number of grants)? This is not meant to be a place to list the budget, but rather to give a sense of how big the program is. For example, is the average grant size \$1 million or \$100 thousand? Avoid references to specific data or numbers that change frequently.
- How do you measure success? Is there a key statistic that is often used when discussing this program? For example, "80% of tax returns completed within one month." This is not meant to replace the "Key Measures" section, but rather to highlight a statistic often used to illustrate the success or activity of a program.
- Is the area experiencing rapid growth or loss? Comparative information may be included to give a sense of trends in the environment, or the program itself. For example, "In 2000, X% of the population was above the age of 65; today, X% is above that age."

Small Agency Presentation

Small agencies should again use an expanded Agency Profile as the primary narrative submission. Small agencies are asked to use the Agency Profile, with the additional sections “Key Goals” (new for FY 2010-11) and “Key Measures” for performance data. The appropriate template can also be found on the budget web site.

Key Goals

One change in this year’s biennial budget document is increased emphasis on linkages to statewide and agency strategic goals. A new section called “Key Goals” has been added to the narrative templates for the Small Agency Profile, and the Program and Budget Activity Narratives. In this section, please identify one or more broad strategic goals and how they relate to the agency, program or activity being discussed.

These goals should come from one of the following:

- Minnesota Milestones statewide goals—note the specific goal that the program or activity supports (<http://server.admin.state.mn.us/mm/goal.html>)
- Agency strategic goals—include reference or link to agency strategic plan if applicable
- Other statewide goals—indicate goal and include any relevant links or context for the goal.

Key Measures

Please use the “Key Measures” section in the Small Agency, Program or Budget Activity Narratives to introduce or update key performance measurement trends and why they are important to the agency’s management. Identify at least one, but no more than three, key quantifiable performance measures for each small agency, program or budget activity.

Selecting Measures

Each performance measure you select should:

- Be logically and directly related to the agency, program and/or activity goals with an emphasis on serving agency customers
- Incorporate significant aspects of program/activity operations
- Be responsive to changes in levels of agency performance

Agencies should consult with their own planning/management staff to identify which measures to include and how they will be presented. When appropriate, agencies are encouraged to use existing performance indicators in the budget document. Agencies may:

- Use performance indicators developed for the department results management web site at <http://www.departmentresults.state.mn.us> (applies to cabinet-level agencies);
- Use performance indicators and information that are currently available at the agency’s web site or that have been developed by the agency to manage programs and activities.

Format

Each measure must include a clear statement of what is being measured and how it is being measured. To the extent possible, agencies should also provide annual historical data and projections. In doing so, you should assume current budget levels through the FY 2008-09 biennium. Discussion of key performance measures may include graphs, charts, or pictorials, depending upon what the agency believes to be the most useful for each measure.

In addition to the key measures provided in the document, agencies are encouraged to identify links to other agency web sites and online documents that provide more in-depth analysis, discussion, and updates on agency performance measurement.

Examples

There are three basic types of performance measures: outcome measures, output measures, and efficiency measures. Outcome measures assess the actual impact or public benefit of agency actions. Output measures count the goods and services produced by an agency and are generally associated with agency workload or effort. Efficiency measures measure the cost, unit cost, productivity, or timeliness associated with a given output.

Examples of good performance measures presented by agencies in their FY 2008-09 biennial budget documents include:

Measure	Type	Agency	Page
Percent of clients completing chemical dependency treatment	Output	Human Services	p. 207
Rate of inspection for new wells	Output	Health	p. 57
Rate of on-time immunizations among children	Outcome	Health	p. 73
Percentage of assisted first-time home buyers from communities of color and/or of Hispanic ethnicity	Output/ Outcome	Housing Finance Agency	p. 22
Operating cost as percent of assistance provided	Efficiency	Housing Finance Agency	p. 49
Acres of reforestation completed on DNR lands	Output	Natural Resources	p. 41
Percent of invoices paid promptly	Efficiency	Military Affairs	p. 29-30
Number of wetland acres restored annually	Output	Board of Water & Soil Resources	p. 16
Percentage of students exceeding the statewide average in college readiness	Outcome	Perpich Center for Arts Education	p. 4
Graduation rate for Special Education students	Output	Education	p. 175