# SENATE
## STATE OF MINNESOTA
## EIGHTY-SEVENTH LEGISLATURE

# S.F. No. 2348

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| DATE | D-PG | OFFICIAL STATUS |
|---|---|---|
| 03/08/2012 | 4246 | Introduction and first reading<br>Referred to Finance |
| 03/13/2012 | 4368 | Withdrawn and re-referred to State Government Innovation and Veterans |
| 03/19/2012 | | Comm report: To pass as amended and re-refer to Finance |

A bill for an act
relating to state government; making changes to budget preparation requirements; amending Minnesota Statutes 2010, section 16A.10.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2010, section 16A.10, is amended to read:

**16A.10 BUDGET PREPARATION.**

Subdivision 1. **Budget format.** (a) In each even-numbered calendar year the commissioner shall prepare budget forms and instructions for all agencies~~, including guidelines for reporting agency performance measures,~~ subject to the approval of the governor. These forms and instructions shall include guidelines for:

(1) classifying revenue by:

(i) fund;

(ii) program;

(iii) activity; and

(iv) source of revenue;

(2) classifying expenditures by:

(i) fund;

(ii) program;

(iii) activity;

(iv) character or object of expenditure; and

(v) outcome; and

(3) reporting performance.

(b) The commissioner shall request and receive advisory recommendations from the chairs of the senate Finance Committee and house of representatives Ways and

Means Committee before adopting a format for the biennial budget document. By June 15, the commissioner shall send the proposed budget forms to the appropriations and finance committees. The committees have until July 15 to give the commissioner their advisory recommendations on possible improvements. To facilitate this consultation, the commissioner shall establish a working group consisting of executive branch staff and designees of the chairs of the senate Finance and house of representatives Ways and Means Committees. The commissioner must involve this group in all stages of development of budget forms and instructions. The budget format must show actual expenditures and receipts for the most recent fiscal year, estimated expenditures and receipts for the current fiscal year, and estimates for each fiscal year of the next biennium. ~~Estimated expenditures must be classified by funds and character of expenditures and may be subclassified by programs and activities.~~ Agency revenue estimates must show how the estimates were made and what factors were used. ~~Receipts must be classified by funds, programs, and activities.~~ Expenditure and revenue estimates must be based on the law in existence at the time the estimates are prepared.

Subd. 1a. **Purpose of performance data.** Performance data shall be presented in the budget proposal to:

(1) provide information so that the governor, legislature, and the public can determine the extent to which state agencies, programs, and activities are successful;

(2) encourage agencies to develop clear and measurable goals and objectives for their programs and activities; and

(3) strengthen accountability to Minnesotans by providing a record of state government's performance in providing effective and efficient services and achieving statewide outcomes.

Subd. 1b. **Performance data format.** (a) As part of the budget proposal, agencies shall:

(1) describe the goals and objectives of each agency program and activity;

(2) provide evidence for how each agency program and activity goal and objective contributes to achieving one statewide outcome; and

(3) present ~~performance~~ data that measures the performance of programs and activities in meeting ~~program~~ the agency's goals and objectives and contributing to one statewide outcome.

(b) Measures reported may include indicators of outputs, efficiency, outcomes, effectiveness, and other measures relevant to understanding each program and activity.

(c) Agencies shall present as much historical information as needed to understand major trends and shall set targets for future performance issues ~~where feasible and~~

~~appropriate~~. The information shall appropriately highlight agency performance issues that would assist legislative ~~review and decision making~~ oversight.

(d) For purposes of this subdivision and subdivisions 1 and 2, the terms "program" and "activity" are used in the same manner as the terms are used in state budgeting. However, the commissioner may authorize an agency to define these terms in a different manner if that allows for a more effective presentation of performance data. The term "statewide outcome" means an outcome included in the chart of outcomes developed under subdivision 4.

Subd. 1c. **Performance measures for change items.** For each change item in the budget proposal requesting new or increased funding, the budget document must ~~present proposed performance measures that can be used to determine if the new or increased funding is accomplishing its goals. To the extent possible, each budget change item must identify relevant Minnesota Milestones and other statewide goals and indicators related to the proposed initiative. The commissioner must report to the Subcommittee on Government Accountability established under section 3.885, subdivision 10, regarding the format to be used for the presentation and selection of Minnesota Milestones and other statewide goals and indicators.~~ classify expenditures by agency, program, activity, and statewide outcome, and must include the same performance information as required by subdivision 1b.

Subd. 2. **By October 15 and November 30.** By October 15 of each even-numbered year, an agency must file the following with the commissioner:

(1) budget estimates for the most recent and current fiscal years;

(2) its upcoming biennial budget estimates;

(3) a comprehensive and integrated statement of agency missions and outcome and performance measures; ~~and~~

(4) a concise explanation of any planned changes in the level of services or new activities~~.~~; and

(5) a comprehensive list which links every budget program and activity with the one statewide outcome that it primarily supports.

The commissioner shall prepare and file the budget estimates for an agency failing to file them. By November 30, the commissioner shall send the final budget format, agency budget estimates for the next biennium, and copies of the filed material to the Ways and Means and Finance Committees, except that the commissioner shall not be required to transmit information that identifies executive branch budget decision items.

Subd. 3. **Duties to governor-elect.** Immediately after the election of a new governor, the commissioner shall report the budget estimates and make available to the governor-elect all department information, staff, and facilities relating to the budget.

Subd. 4. **Chart of outcomes.** (a) There shall be maintained in the Statewide Budgeting System and the Statewide Accounting System a chart of outcomes to be used for classifying all agency programs, activities, and allotments.

(b) A Statewide Outcomes Commission shall be established to develop the initial chart of outcomes.

(c) The commission is to create a chart of outcomes that includes:

(1) the state level core outcomes that citizens expect from government, the number of outcomes shall not exceed ten;

(2) three to five state level contributing outcomes that evidence shows most contribute to achieving each core statewide outcome; and

(3) a performance measure for each core outcome and contributing outcome.

(d) The task force members are:

(1) the governor or designee;

(2) the commissioner of management and budget or designee;

(3) two members of the majority caucus appointed by the speaker of the house;

(4) one member of the minority caucus appointed by the house minority leader;

(5) two members of the majority caucus appointed by the senate majority leader; and

(6) one member of the minority caucus appointed by the senate minority leader.

(e) Appointments to the commission shall be made within 30 days of the effective date of this section.

(f) The commission shall report to the house of representatives Ways and Means Committee and senate Finance Committee the state level core outcomes and contributing outcomes by August 1.

(g) The commissioner of management and budget shall be responsible for maintaining the chart of outcomes. The chart of outcomes will be reviewed in the same manner as other aspects of the budget process as described in subdivision 1.