



MEMORANDUM

DATE: July 11, 2024

TO: All State Agencies, Boards and Commissions
State Financial Officers

FROM: Lee Will, Chief Financial Officer *LW*

RE: Budget Preparation Instructions for the 2025-2027 Biennium

The final State of Nebraska Budget Instructions for the 2025-2027 biennial budget request cycle are now available at <http://das.nebraska.gov/budget/nbrs.html>.

The 2025-2027 biennial State budget process emphasizes development of budget requests within a strategic results-oriented process. To underscore the importance of the relationship between strategic planning and the development of an agency's budget request, we have released the Nebraska Budget Request and Reporting System (NBRRS) in two phases.

The Agency, Division, and Program narrative screens were released on June 7, 2024, with a preliminary completion date within the budget request system of August 9, 2024. Today, the second phase of instructions are released, and the remainder of the system screens are available, including the following: 1) operating and aid budget requests (including the Base Appropriation, Permanent Salaries Base, Issue Details, and Funds Analysis screens), 2) capital construction and building renewal requests, 3) budget modifications, and 4) information technology project proposals. **An agency's final budget request version must be locked and submitted in the budget request system by 5:00 p.m. Sunday, September 15, 2024.**

Agency, Division, and Program Narratives

It is important that the narrative information accurately reflect your strategic planning efforts and your 2025-2027 biennium budget request. Agencies should carefully review and edit this information to ensure that the narratives represent the agency's current goals, statutory responsibilities, program objectives, and priorities. Agencies are encouraged to provide as much text in the budget request system as is necessary to adequately explain their budget request and budget modifications as well as to provide summary information regarding their programs and activities. The system allows for entry of unlimited narrative information in the "Supporting Information" narrative sections.

Please use the attachment function on the Agency Narrative screen to attach any additional strategic plan documents developed by your agency, independent of the elements already included in the Agency, Division, and Program Narrative screens.

Pursuant to 81-1113(4), each department and agency shall certify with their biennial budget request, for each program or practice it administers, whether such program or practice is evidence-based or, if not, whether it is reasonably capable of becoming evidence-based. An Excel template is provided on the State Budget Division website on the Budget Request & Reporting System webpage (<http://das.nebraska.gov/budget/nbrs.html>) under the Budget Instruction header, Section I – Operating Budget Request section, Part A – Narratives. The template must identify all programs and practices they administer and indicate whether the programs or practices are evidence-based or reasonably capable of becoming evidence-based. Use the file attachment function to attach the agency completed certification form to the Executive Summary, Management Processes, and Service Delivery Methods tab of the Agency Narrative screen.

Base Appropriation

The Legislature enacted changes to agency appropriations for FY 2024-25 during the 2024 legislative session. The final revised and enacted FY 2024-25 new appropriations as of July 18, 2024, will be used and should be reported in your budget request submission as the "FY 2025 Current Appropriation" on the *Base Appropriation* screen. The Balance Checking process will compare the agency entered FY 2024-25 current appropriation to the official, legislatively authorized appropriations (including aid earmarks) to ensure that an agency's 2025-2027 budget request begins with the correct base appropriation.

Issues

The Nebraska biennial budget request process places the emphasis on explanation and justification, rather than accounting codes or job codes. An Issue is a change to the base and therefore could be a positive (increase) or negative (decrease). Using the *Issue Details* screen, an agency can identify the specific agency goals, objectives, outcomes, cost-drivers, activities, or initiatives for which the agency is requesting a change in appropriated resources. The Issue is defined by the agency on one screen with all of the justification necessary to support the request encapsulated within the identified Issue, emphasizing how the requested Issue relates to the agency's operational goals and performance objectives. This information becomes a "decision point" for the Governor and Legislature and facilitates public transparency.

Multi-Agency and Enterprise Issues are created by the State Budget Division and assigned to agencies. Multi-Agency Issues can also be created and assigned at the request of the agencies.

Two Enterprise Issues have been established for the 2025-2027 biennial budget to account for the budget impact to agencies related to employee pay and benefit adjustments. The enterprise issue requests should reflect public servant pay adjustments of 3% in July of each year and employer health insurance premium increases of 5% in July of each year.

The estimated impact associated with these two Enterprise Issues will serve as a placeholder to account for state public servant's pay and benefits cost for the 2025-2027 biennium as agency biennial budget requests are constructed. The amount ultimately included in agency budgets for the 2025-2027 biennium will reflect the outcome of bargaining with labor organizations representing the state workforce and final health benefits design. See Section I – Operating Budget Request, Part C – Issues, Issues – Narrative Content, and Issues – Enterprise Issues for more information.

Budget Modifications

The budget modification process for the 2025-2027 biennial budget request requires that agencies with General Fund appropriations submit modifications at the 5% base level. Budget modifications represent the lowest priorities for continued or additional new funding within the budget request and will be considered as such during the budget process. It is our expectation that the 5% base level will generate several thoughtful choices and priorities for each affected agency for the Governor's and Legislature's consideration and that agencies will give serious attention to their identification of modification issues.

Funds Analysis

Agencies with cash, federal, and revolving funds need to be especially diligent in completing the Funds Analysis screen. The Funds Analysis screen should reflect all enacted adjustments to fund balances. The narrative tab on the Funds Analysis screen should be completed on each screen. The Funds Analysis narrative is required for federal grant awards to provide an outlook on future federal funding. Agencies should also provide narrative explanation in the General Comments tab of the Funds Analysis narrative screen for any situations where estimated annual revenues exceed estimated annual expenditures by an amount greater than 7% for FY 2027, or where the estimated June 30, 2027, fund balance exceeds 25% of FY 2027 estimated expenditures. Please also explain any projected negative fund balances.

If your agency determines that an adjustment of fees/charges would be reasonable and responsible, narrative information should be included outlining agency plans for making such adjustments.

Submission

An agency's final budget request version must be locked and submitted in the budget request system by Sunday, September 15, 2024. **Agencies are encouraged to submit their budget request on Thursday, September 12, 2024, to avoid possible delay in the review of the submitted budget by their assigned budget analyst.** Upon submission and review of the agency request, access to the budget request submissions will be granted to the Nebraska Legislative Fiscal Office, the Coordinating Commission for Postsecondary Education, the Task Force for Building Renewal, the Comprehensive Capital Facilities Planning Commission, and the Nebraska Information Technology Commission.

Public Access and Governor's Recommendations

All budget requests will also be made available to the public via the State Budget Division's [public interface](#). This provides easy, anytime access and full transparency of the 2025-2027 biennial budget requests of all state agencies, boards, and commissions. The Governor's budget recommendations for the 2025-2027 Biennium will be presented to the Legislature on or before January 15, 2025, pursuant to Section 81-125.

Thank you for your special efforts in preparing a quality 2025-2027 biennial budget request. The staff of the Administrative Services - State Budget Division are prepared to answer your questions and assist you in the preparation and submission of your requests.