

1.4 OPERATING BUDGET CALENDAR

Mid-April – June	<p>Budget submission requirements and budget targets developed by Office of Budget Analysis (OBA)</p> <ul style="list-style-type: none"> • OBA determines projected expenditures and revenues for the current level of service • OBA considers items, in addition to the current level of service, which might be necessary in the next fiscal year. Agencies may be asked to provide information about such items • OBA reviews data and determines budget target
End of May	Legislative appropriations finalized
June 21, 22, 23	Budget submission requirements meetings
July 1	Fiscal Digest available on DBM website
Early July	Budget targets distributed
July – August	Agencies prepare budget submissions
Aug. 29 – Sept. 30	<p>Agency budget requests due to OBA DA-28 request forms due to OBA</p>
October – November	Agency budget hearings
December – mid-January	<p>Governor’s Allowance created</p> <ul style="list-style-type: none"> • Decisions regarding agency budgets and statewide issues are finalized by the Governor and senior staff • OBA prepares the Governor’s Allowance budget and various complementary publications
3rd Wednesday in January, or 10 days after the 2 nd Wednesday if a newly elected Governor	<p>Introduction of the Governor’s Budget Press conference by the Governor Budget on DBM website</p>
January – early April	<p>Legislative Session & Supplemental Budget</p> <ul style="list-style-type: none"> • General Assembly holds public hearings on the Governor’s budget and recommends reductions • Agencies submit supplemental budget requests • Governor may introduce supplemental budget • General Assembly passes amended version of the Governor’s Budget • General Assembly may pass supplementary appropriation

1.4 BUDGET DEVELOPMENT GUIDANCE

The State of Maryland uses a current services budget (CSB) process. In creating the CSB target DBM begins with a base of the previous year's budget and adjusts that amount for certain known changes. When building a budget, each agency must carefully consider the target provided by DBM and determine what action is needed to submit a budget within that target. This may involve decreasing portions of the budget below the previous year's expenditure level. Please contact your assigned DBM analyst if you would like guidance for a specific type of expenditure. Agencies should include documentation with the budget request regarding assumptions made about each category of expenditure (subobject). Please refer to [Section 2.2](#) for a list of subobjects and guidance on each.

General Considerations

Some general considerations that the agency should make before beginning to build the budget include:

- Are any new facilities becoming operational and therefore increasing operating costs?
- Are there required rate changes from the federal government, service providers, or DBM?
- Are there any approved salary adjustments?
- Are there other budget drivers that should be considered?
- If the agency budget is dependent on a caseload forecast, how will that forecast change in the coming fiscal period?

Strategies

Averages: When determining the budget for some objects it may make sense to budget the average of the last three completed fiscal years. Averages should be applied to recurring expenditures that are not “controlled subobjects.” (See [Section 1.2](#) for a description of controlled subobjects). Consider, for example, the travel costs of an inspection program. If the number of inspections stays the same each year, the travel costs may be relatively stable, depending upon fuel costs. Using the average of the last three years may allow for a stable funding level that changes marginally to reflect actual travel costs.

Most Recent Year Actuals: In some cases it may be more appropriate to budget the same amount as was spent in the most recently closed fiscal year. Using the most recent actual expenditures is particularly valuable if the agency recently began a new program and does not have enough data or experience to fully predict the potential expenditures. Over time, the agency should be able to better determine which budgeting strategy is appropriate.

Inflationary Factor: In some cases it makes sense to inflate the previous year's budget. In general, the State uses the Implicit Price Deflator for State and Local Expenditures. This will be an appropriate strategy for expenditures that are consumer-based, such as supplies.

Specific Commitments: In some cases, there are discrete additional charges that the agency may include for specific commitments. These are often one-time expenditures for new equipment or expenditures related to a new initiative. The agency may budget these within the target, reducing in other areas if necessary. This should include contracts that are multi-year commitments.

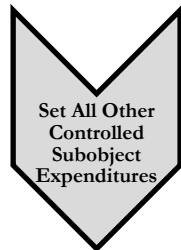
Building Blocks of the Budget



- Budget the number of employees the agency will need in order to achieve the goals of the upcoming fiscal period and set the salaries for these employees using the subobject 0101 target set by DBM. Any new positions must be submitted as an over-the-target request.
- Budget the health and pension benefits and turnover rate that relate to the positions budgeted above.
- The most important subobjects for the agency for this step are 0101, 0112, 0151, 0152, 0154, 0161, 0169, 0174, and 0189.



- Budget the number of contractual employees the agency will need in order to achieve the goals and objectives of the upcoming fiscal period and set the salaries for those contractuales. Be diligent about ending contractual positions that are no longer necessary.
- The most important subobjects for the agency for this step are 0220, 0213, 0214, 0217, and 0289.
- The State is now providing health insurance for certain contractual employees. DBM will send a target to agencies to budget for this expense.
- When budget developers build their salary and fringe budgets, they should include the following considerations:
 - Will the agency be reclassifying individual employees?
 - Will the agency be converting contractual employees to permanent employees?
 - What are the current vacancies and how many of those will be filled in the budget?



- Controlled subobjects are nondiscretionary. The amounts in the request must be exactly the same, by fund source, as those in the legislative appropriation. The agency should carefully follow the budget instructions and contact the assigned DBM budget analyst if there are any questions or concerns. These subobjects are 0101, 0175, 0305, 0322, 0697, 0831, 0833, 0874, 0875, 0876, 0882, 0894, and 0897.



- The budget should include any mandated (non-discretionary only) increases or expenditures set forth in statute as well as carry forward any required contractual expenditures and capital lease financing payments. The agency should include all of these requirements with the request. The staffing considerations for these mandated increases should be considered in the previous steps.
- Agencies should only include mandated increases where the legislature has passed a law that includes language that the “Governor shall” appropriate or include in the budget a specific expenditure amount or budget formula. These are non-discretionary. Agencies should *not* include funding as a result of new laws that do not specify an amount or provide a formula, unless they are able to include the funding within the target. Alternatively, agencies may request this funding in an over-the-target request.
- CAVEAT: The Legislature will sometimes pass laws that include an intent section with budget language. Intent language in a law is not a legal requirement and agencies should not consider these mandates. Agencies should budget these expenditures within existing funds or submit an over-the-target request.