

B.8 CONTRACTUAL SERVICES – OBJECT 08

Interagency Agreements

All interagency agreements of \$25,000 or more must be reported on a [DA-23 form](#). Agencies must use subobject 0885, “In-State Services – Other,” to budget expenditures related to interagency agreements. This subobject also may be used for agreements with local government entities.

Agreements Between a State Agency and a Public Institution of Higher Education

Section 27 of the FY 2018 Budget Bill requires State agencies and public institutions of higher education to report to DBM by August 1, 2017 on any interagency agreements in place in FY 2017 between them **in which total expenditures exceeded \$100,000**. Section 27 also requires agencies and institutions to receive approval from the Secretary of DBM before entering into any new higher education agreements in FY 2018 **in which total expenditures may exceed \$500,000**.

For additional information, please refer to the reporting requirements on the DBM website, <http://dbm.maryland.gov/proc-contracts/Pages/InteragencyAgreementReporting.aspx>

Contracts

Form [DA-23](#) is required for each program or subprogram with budgeted contracts. Where contracts are funded in various subprograms, there should be an entry for each funding component of the contract as well as for the total for each contract.

- Each contract greater than \$25,000 must be listed separately.
- Contracts less than \$25,000 must be included on one line (not listed separately) for each subprogram.
- Agencies should provide a subtotal of actual, appropriation, and request amounts at the subobject level of detail for each subprogram.

The components of complex "lump sum" line-item requests should be detailed and justified, preferably on a [DA-2](#), with rates and units of service for all components. Line-item requests for simpler amounts may be justified using the comments column on the Excel Budget Submission Template.

The justification for each contractual service line-item should explain how the request for each line-item was determined. Examples may include:

- Planned actual cost of the next year of an approved multi-year contract,
- Three-year average of expenditures plus inflation,
- Current contract plus inflation, or
- Projected rate times units of service.

It is strongly suggested that agencies use subobject 0899 only if there is no other appropriate subobject. Be prepared to explain the detail behind any items included in 0899.