



DEPARTMENT OF BUDGET & MANAGEMENT
OFFICE OF BUDGET ANALYSIS

Section D:

SUPPORTING DOCUMENTS AND LEGISLATIVE REPORTING REQUIREMENTS

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JUNE 2017

ELECTRONIC ACCESS TO BUDGET SUBMISSION REQUIREMENTS

<http://dbm.maryland.gov/budget/Pages/operbudget/OperatingBudgetInstructions.aspx>

D.1 OVER-THE-TARGET REQUESTS

DBM does not encourage agencies to submit an over-the-target request.

✎ A maximum of **ONE** over-the-target request from any department or independent agency will be considered. Prior to submitting an over-the-target request, agencies should attempt to identify efficiencies and low-priority programs that can be reduced, resulting in savings that can be reallocated. Agencies are also encouraged to pursue interagency collaborations and other innovative proposals to reduce costs. Agencies should consult with their budget analyst about the need being addressed, the related strategies, and measurable outcomes while developing their request. Unrealistic requests misuse the time and effort of everyone involved, including the Governor. Requests that address critical operational needs or items specifically endorsed by the Governor will be given priority over requests for new programs. *Over-the-target requests will not be considered on an agency-by-agency basis. Each request will compete with all other requests in the State.*

Any requests for new positions, including contractual conversions, must be submitted as an over-the-target request and should not be included in the budget or personnel submission.

✎ Any request must be submitted to DBM using the [DA-21A](#) and [DA-21B forms](#). The information supplied in these forms is used by DBM staff to understand both the costs and the programmatic impacts of the request. Thorough yet concise information allows for a comprehensive analysis and comparison of all requests across the State. An over-the-target request must be submitted with the FY 2019 base budget submission. Do not include general funding above the target in the budget submission. If an agency submits more than one over-the-target request, all requests will be returned to the agency or department for further prioritization. **Multiple items should not be combined into one request.**

✎ Information Technology Over-the-Target Requests

Agencies seeking to obtain approval and funding for a new Major Information Technology Development Project (MITDP) must submit both the [DA-21A](#) and the [DA-21B forms](#) to DBM. Agencies must also submit an Information Technology Project Request (ITPR) to the Department of Information Technology (DoIT) and send a copy of the ITPR to the OBA budget analyst. **The amounts listed on the DA forms and the ITPR forms must match.** Make sure that the DA-21A narrative includes an estimate of the Total Project Cost (TPC), which is equal to the cost from project initiation through one full fiscal year of operations and maintenance after implementation. DBM will work closely with DoIT to validate the feasibility of the request, assess the agency's capacity to manage a major project, and evaluate the affordability of a project.

For ongoing MITDPs, the funding for each year of a MITDP must be carefully reviewed by the agency budget staff and DBM staff. Please carefully align the budget and ITPR to reflect any changes in the scope of the MITDP. Any special and federal fund sources to be used to support the project should be identified in the budget request.

For more information, please refer to the DoIT ITPR Guidelines and Instructions found at <http://doit.maryland.gov/policies>. Information Technology Master Plans are required of all agencies.

D.2 ORGANIZATIONAL CHARTS

Section 26 of the FY 2018 budget bill requires that the Department of Budget and Management (DBM) submit to the Department of Legislative Services (DLS) a **one-page** organizational chart for each agency that depicts the allocation of personnel across operational and administrative activities.

In order to accommodate this requirement, agencies are requested to submit a one-page organizational chart to DBM with the budget submission.

Agencies must submit the organizational chart in either Microsoft Word or Adobe PDF format. An electronic version should be forwarded to DBM for compilation and delivery to DLS. Agencies should submit the electronic file to the DBM budget analyst and Kurt Stolzenbach at kurt.stolzenbach@maryland.gov no later than the budget submission date. *DBM is responsible for forwarding these charts to DLS. Agencies should not submit the files directly to DLS.*

If you have additional questions, please contact Kurt Stolzenbach at 410-260-7416 or your assigned DBM budget analyst.

D.3 LOCAL AID

Agencies that distribute local aid are required to include in the budget submission an estimated and preliminary distribution of local aid for FY 2016 actual expenditures, FY 2017 actual expenditures, the FY 2018 appropriation, and the FY 2019 request.

The submission should include the supporting documentation that was used to arrive at the distributions in each fiscal year. Between the submission of the budget request and the end of December 2017, any additional information that would affect the distribution of local aid in the request year should be submitted to the assigned DBM budget analyst and directly to Nathan Bowen at nathan.bowen@maryland.gov.

As the Governor's allowance is finalized, DBM will ask the agency to submit revised distributions based on the allowance. The budgets that contain local aid include:

<u>BUDGET</u>	<u>STATEWIDE PROGRAMS</u>
D15A0516	Governor's Office of Crime Control and Prevention, Law Enforcement Grants
D15A0516	Governor's Office of Crime Control and Prevention, State Aid for Police Protection Fund
D25E0302	Aging Schools Program
D26A0702	Senior Citizens Activities Centers Operating Fund
D38-----	State Board of Elections (Voting System Funding)
D50H0106	Fire, Rescue, and Ambulance Fund
J00A0102	Operating Grants in Aid (PILOT)
J00B0105	County and Municipal Funds (Highway Users)
J00H0106	Statewide Programs Operations
K00A0505	Land Acquisition and Planning (Instant Bingo Revenue to Calvert County)
K00A0510	Outdoor Recreation Land Loan (Program Open Space, local programs)
K00A1001	Critical Area Commission
M00F0207 and M00A0102	Targeted Local Health Services
P00E0104	Share of Racing Revenue – Division of Racing
P00E0106	VLT – Local Impact Grants
P00G0114	Adult Education
Q00A0104	Emergency Number Systems (911) – State Grant
Q00G0001	Police and Correctional Training Commissions – General Administration (Law Training Center Grants)
R00A02--	Aid to Education (All programs with General Funds or Education Trust Funds)
R62I00--	Aid to Community Colleges – Formula, Special Grants, and Fringe Benefits
W00A0108	Vehicle Theft Prevention Council

D.4 CHESAPEAKE BAY RESTORATION EXPENDITURES

A summary of Chesapeake Bay restoration operating and capital expenditures will be included in the FY 2019 Budget Books. According to Section 37 of the FY 2018 budget bill, the summary shall reflect FY 2017 actual expenditures, the FY 2018 budget book appropriation and the FY 2019 allowance by fund type and fund source.

This reporting requirement applies to the following agencies, who will each receive a template from DBM by August 12, 2017 to be completed and submitted electronically with the FY 2019 budget submission:

Department of Natural Resources (DNR)	Maryland Department of Agriculture (MDA)
Maryland Department of the Environment (MDE)	Maryland Department of Planning (MDP)
Maryland Department of Transportation (MDOT)	Morgan State University (MSU)
St. Mary's College of Maryland (SMCM)	University System of Maryland (USM)
Maryland State Department of Education (MSDE)	

The following criteria should be used to determine if expenditures must be included:

- The subprogram or project receives funding that supports Chesapeake Bay restoration activities in any one of fiscal years 2017, 2018 or 2019, and
 - More than 50% of subprogram activities are directly related to Chesapeake Bay restoration. Agencies may note the percent related if they do not believe 100% should be counted. Activities defined as restoration of the Chesapeake Bay include Living Resource Protection and Restoration, Vital Habitat Protection and Restoration, Sound Land Use, Stewardship and Community Engagement, and Research.
1. DNR, MDA, MDE, MDP and MSDE must review and update the list of subprograms when completing the template.
 2. MDOT will submit by project and SMCM, MSU and each USM campus will complete the template as in past years.
 3. All agencies except MDOT are asked to provide fund source information.

For more information, contact Jeannette Fernandez at Jeannette.fernandez@maryland.gov.

D.5 STRATEGIC ENERGY INVESTMENT FUND (SEIF)

To address a requirement set by Section 38 of the FY 2018 budget bill, DBM publishes an appendix in the Governor's Budget Books on the revenue, budget and expenditures of the Strategic Energy Investment Fund (SEIF) for the FY 2017 actual expenditures, the FY 2018 working appropriation and the FY 2019 allowance.

The revenue portion of the report shall include:

1. The number of auctions, allowances sold, and price per allowance (including both current and, if offered, future control periods)
2. Prior fund balance used to support the appropriation
3. Anticipated revenue from set-aside allowances

The budget and expenditure portion of the report shall include the amount of SEIF funds budgeted and spent by each State agency, and identify any prior year fund balance for:

1. Energy assistance
2. Energy efficiency and conservation programs for the low- and moderate-income sectors
3. Energy efficiency and conservation programs in all other sectors
4. Renewable and clean energy programs, energy education, and climate change programs and resiliency programs
5. Administrative expenditures
6. Dues owed to the Regional Greenhouse Gas Initiative
7. Transfers or diversions made to other funds (including the Clean Air Fund, the Transportation Trust Fund, and the Offshore Wind Business Development Fund)

The Maryland Department of the Environment and the Maryland Energy Administration (MEA) will be responsible for providing SEIF revenue estimates. MEA will also be responsible for coordinating and submitting a Statewide SEIF budget request, as well as expenditure information for the actual FY 2017 budget and the FY 2018 working appropriation.

For more information, contact Jeff Wulbrecht at jeff.wulbrecht@maryland.gov.

D.6 STATE FUNDING AND ACCOUNTABILITY ACT REPORT

Section 7-406 of the State Finance and Procurement Article requires State agencies to submit a report to the Department of Budget and Management (DBM) listing State aid for each for profit or nonprofit entity or association receiving \$50,000 or more during a fiscal year as part of the agency's operating or capital budget or by agency action. As an addendum to the statute, agencies should also report loan payments of \$50,000 or more within the criteria set forth in the statute. State aid for these purposes does not include payments to local or State government nor does it include reimbursements to providers in a State program.

In order to collect this information, agencies are requested to complete the State Funding and Accountability Act Excel form, which will be distributed by DBM in early July, using upper/lower case format, with the following information:

- **8-Digit R*STARS Code**- List the agency's 8-Digit R*STARS code in which the funding of \$50,000 or more was expended in FY 2017 for each of the grantees or loan recipients in Column A.
- **The Grantee/Loan Recipient Program Name** – List the agency program name associated with the 8-Digit R*STARS code in Column B.
- **Grantee/Loan Recipient Name** – List the name of the for profit or nonprofit entity or association receiving the State aid in Column C. Each grantee or loan recipient receiving a total of \$50,000 or more must be listed separately.
- **Grantee/Loan Recipient Street Address** – List the address for the grantee or loan recipient listed in Column D.
- **Grantee/Loan Recipient City** – List the grantee or loan recipient's city in Column E.
- **Grantee/Loan Recipient State** – List the grantee or loan recipient's state in Column F.
- **Grantee/Loan Recipient Zip Code** – List the grantee or loan recipient's zip code in Column G.
- **State Aid Amount** – List the cumulative amount (\$50,000 or more) expended for the grantee or loan recipient in FY 2017 in Column H.
- **State Aid Description** – List a brief description of the type of State aid provided to the grantee or loan recipient in Column I. Agencies are encouraged to use the grant name or program service name to describe the service. However, please be consistent in the use of the description.
- **Grant (G) or Loan (L)** – Identify the type of funding (either a grant or a loan) in Column J.

Please submit your completed form to your assigned budget analyst with a copy to Taylor Murray, taylor.murray@maryland.gov, no later than Wednesday, August 16, 2017.

Please feel free to contact Taylor Murray at (410) 260-6071 if you have any questions or concerns about the process.

D.7 INDIRECT COST RECOVERY AND REVERSION REPORTING

All agencies receiving Federal Funds must determine whether the funds are eligible for indirect cost recovery. Once such eligibility is established, the agency must initiate, negotiate and establish an indirect cost recovery rate with the federal government. A copy of the latest approval letter from the relevant federal agency must be submitted to DBM.

Agencies are instructed to budget for internal indirect cost recoveries only after notifying the assigned DBM budget analyst of the intent to do so. No agency may budget the use of Statewide Indirect Cost Recoveries. **ALL STATEWIDE INDIRECT COST RECOVERIES MUST BE REVERTED TO THE GENERAL FUND.**

‡ DA-27 Form

All agencies must complete a [DA-27 form](#) (even if there are no recoveries to report). Agencies should use the DA-27 form to specify the exact amounts and types of indirect cost recoveries and reversions made. Data should be provided at the program level and totaled to the unit level and the agency level. **Please report data for FY 2017, as well as estimates for FY 2018 and FY 2019.** The following information will be required:

1. List the **Statewide Indirect Cost Recoveries**. This is the amount of total recoveries allocated to Statewide Indirect Costs. The allocation percentage is determined by dividing the amount of Statewide Indirect Costs used in the Indirect Cost Allocation Plan by the total amount of indirect costs used in the calculation of the **Federally Approved Indirect Cost Recovery Rate**. The resulting percentage is the **Federally Approved Statewide Cost Recovery Rate**. Please note that both of these rates are required in the two far right columns of the [DA-27 form](#).
2. List the **Internal Indirect Cost Recoveries**. This is the amount remaining from total indirect cost recoveries after Statewide Indirect Cost Recoveries have been subtracted.
3. Report the amount of Indirect Cost Recoveries **reverted to the General Fund**. This amount should not be less than the amount of Statewide Indirect Cost Recoveries, but may be more.
4. Report the amount of **Indirect Cost Recoveries Retained by the Agency**. This amount should be no greater than the amount of Internal Indirect Cost Recoveries, but may be less.

Copies of the [DA-27 form](#) and the most current **Negotiated Agreement Letter** should be included in the agency's budget submission. Failure to provide the DA-27 form and/or the Negotiated Agreement Letter in a timely fashion will result in a slower budgetary process. In the interim, electronic copies of the DA-27 form and the most current agreement letter should be sent to Michelle Pack, michelle.pack2@maryland.gov, and the DBM budget analyst. This information is reported in Appendix I of the Governor's Budget Highlights Book.

D.8 ADJUSTMENTS TO CURRENT YEAR APPROPRIATION

✎ To assist in DBM's transition of budget amendment management to the new BARS enterprise budget system, **agencies are asked exclude all budget amendments from the FY 2018 budget book appropriation in the budget submission.**

Guidance for Current Year Appropriation Adjustments

Type of Adjustment	Include in FY 2018 Budget Book Appropriation?	Submit DA-28 Detail?	Submit Line-Item Detail to DBM Outside of DA-28 Process?
Reimbursable Fund	NO	NO	YES
Special Fund	NO	YES	NO
Federal Fund	NO	YES	NO
Reorganization	NO	NO	YES

All agencies are asked to submit a [DA-28](#) with line-item detail for special fund or federal fund appropriation adjustments that increase total agency FY 2018 budgeted funds.

✎ The DA-28 is due no later than the budget submission deadline or October 2 (whichever occurs first). **Adjustments requested through the DA-28 process should NOT be included in the FY 2018 budget book appropriation in the budget request.**

Agencies are encouraged to consider the following before submitting any DA-28 special or federal funding adjustment requests to DBM:

- 1) Has the agency expended all of its appropriation authority and thus needs additional appropriation authority? Does the agency project it will expend its full appropriation authority before April 2018?
- 2) Does the agency have a history of underutilized special fund and/or federal fund appropriation authority? If so, can appropriation be realigned across programs instead of being increased through the budget amendment process?

DBM will evaluate [DA-28](#) requests on a rolling basis and share decisions with agencies by early November. **Agencies should be aware that only a small number of DA-28 requests will be processed as a budget amendment in the first half of the fiscal year.** After the Governor's budget allowance is introduced, agencies will be asked to continue to use the DA-28 process in an attempt to include adjustments in the supplemental budget when possible.

D.9 STATEMENT OF DEDICATED FUNDS

Chapter 95 of the 2016 session requires DBM to publish an itemized summary of revenues collected by the State that are dedicated by law to a special fund in the FY 2019 Governor's Budget Books. The summary shall reflect the name, purpose, and source of revenue of each special fund, along with the amount deposited into the special fund in FY 2017 and the revenue balance in the special fund at the close of FY 2017.

To accurately inform this summary, all agencies that utilize special funds will receive a template from DBM by August 12, 2017 to be completed and submitted electronically with the FY 2019 budget submission.

Agencies are required to verify the following details on the template, as well as add any special funds that are missing:

- Six-digit special fund code
- Name
- Statutory reference
- Purpose
- Source
- Amount deposited in FY 2017
- Balance at the close of FY 2017

Please contact Carissa Ralbovsky at Carissa.ralbovsky@maryland.gov with any questions.

D.10 AGENCY REDUCTIONS

To assist DBM in balancing growing Statewide spending mandates without sufficient revenue growth to support these additional costs, State agencies are asked to provide agency-proposed reduction items with the FY 2019 budget submission. General fund reduction targets will be sent when DBM sends agencies the general fund target figures in early July.

DBM encourages agencies to identify on-going reductions as opposed to one-time cost savings actions. Further guidance will be provided with the reduction target in July.