



DEPARTMENT OF BUDGET & MANAGEMENT
OFFICE OF BUDGET ANALYSIS

Section I: INTRODUCTION AND HIGHLIGHTS

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JUNE 2017

June 16, 2017

TO: All Departments and Independent Agencies

FROM: Department of Budget and Management (DBM)

SUBJECT: FY 2019 Operating Budget Submission Requirements

Since taking office, Governor Hogan has set out clear goals to put the State's finances on the path to long-term sustainability and to establish a more efficient and cost-effective government. Efforts by State agencies to constrain costs, consolidate or streamline activities, and implement efficiencies have played a critical role in our early successes, but significant work remains to be done.

Attached are the requirements for submitting agency FY 2019 operating budget requests. In keeping with the Governor's commitment to fiscal discipline, we are asking that you work with your staff to craft an FY 2019 budget proposal that:

- Maximizes efficiencies and identifies potential cost savings;
- Maintains structural budget reductions implemented in FY 2017 and FY 2018;
- Streamlines operations and, where appropriate, consolidates or eliminates functions and programs; and
- Improves our ability to serve Maryland citizens.

The Office of Budget Analysis (OBA) has been working tirelessly on the development and implementation of the new enterprise budget system, BARS, and is greatly appreciative of agency participation in the process thus far. Throughout the FY 2019 Budget Submission Requirements document, there will be references to some of the budget creation and submission processes that are moving to the BARS system – most notably, the Salary Forecast effort. Please pay close attention to these changes and do not hesitate to contact your OBA analyst with any questions about the process or BARS.

DBM appreciates your cooperation in this important endeavor.

Reminder: Refer to [Section I.1](#) for a summary of new or revised requirements.

I.1 NEW FOR FY 2019

Throughout this instructions document, the “✎” symbol indicates items that are new for FY 2019 and correspond with this list.

Salary Forecast Creation in BARS

Agencies are asked to review the personnel inventory in the new enterprise budget system, BARS. The exercise will allow agencies to compare FY 2018 personnel data to current information in Workday and make adjustments as necessary.

Once agencies complete the personnel inventory review, BARS will generate personnel data for agencies to use for the budget request in two formats:

1. A summary report of the salary forecast with subobject 0101 targets by subprogram.
2. A Budget Submission Template (see [Section B.2](#)) with pre-populated data for subobject 0101 as well as the related fringes.

As in the past, DBM will centrally budget any increases for increments or other salary adjustments.

There will be no separate “personnel file” for agencies to submit because the personnel data from the inventory exercise will be saved in BARS. See [Section A.1](#) for more detail.

Social Security (FICA) Contributions (0151 and 0213)

FICA (subobject 0151) should only be calculated on regular earnings (subobject 0101), while FICA for other earnings subobjects should be budgeted within the subobject. For example, the cost of FICA contributions for overtime should be budgeted within subobject 0104.

Subobject Name	Subobject	Fringe Calculations Based on Earnings			
		FICA/Social Security	Retirement	Unemployment Insurance	Turnover
Regular Earnings	0101	0151	0161-0169	0174	0189
Additional Assistance	0102	0102	Do not budget	Do not budget	Do not budget
Overtime Earnings	0104	0104			
Shift Differential	0105	0105			
Miscellaneous Adjustments	0110	0110			
Accrued Leave Payouts	0111	0111			
Reclassifications	0112	0112	0112	0112	0112

The 0151 rate for FY 2019 = 7.28% of regular earnings (0101) up to \$139,424. For an annual salary over \$139,424 the rate is 1.45% of the amount over \$139,424.

The 0213 rate for FY 2019 = 7.65% of each position’s salary (0220) up to \$132,751. For an annual salary over \$132,751 the rate is 1.45% of the amount over \$132,751.

Health Insurance

Agencies must budget employee health insurance (0152), retiree health insurance (0154) and contractual health insurance (0217) at the same level as the FY 2018 legislative appropriation. Like other controlled subobjects, DBM will determine the final health insurance rate for each agency in December. Agencies are not required to submit a DA-2A with the FY 2019 budget submission. **Specifically, the agency budget submission for 0152 and 0154 must reconcile agency-wide with FY 2018, by fund type.**

As in the past, DBM requests that agencies with health insurance supported by non-general funds plan for the cost of rate increases – separate guidance will be provided at a later date.

Retirement Rates

0161	Employees' Retirement System	19.32% of 0101
0163	Teachers' Retirement System	16.51% of 0101
0165	State Police Retirement System	81.38% of 0101
0166	Judges' Pension System	46.45% of 0101
0168	Optional Retirement/Pension System (TIAA)	7.25% of 0101
0169	Law Enforcement Officers Pension System	41.42% of 0101

Excel Budget Submission Template

As indicated in the BARS workshops, agencies will receive a Budget Submission Excel Template created in the BARS Agency Data Exchange from DBM. The columns in the template will be similar to the columns in HOBO:

- FY 2015 and FY 2016 Actual Expenditures – prepopulated by BARS.
- FY 2017 Actual Expenditures – prepopulated by BARS using a data download from FMIS. DBM emphasizes that this data is to serve as a guide but is unlikely to match final FY 2017 actual expenditures because of timing as well as mapping issues between PCA codes and subobject level detail. Agencies are asked to correct this data as in previous years.
- FY 2018 Legislative Appropriation – prepopulated by BARS.
- FY 2018 Budget Book Appropriation – agencies can use this space to restate the FY 2018 legislative appropriation within a program. **New for FY 2019, no budget amendments should be included in this column.** DBM will process the statewide SLEOLA amendment early in the fiscal year but it should *not* be reflected in the FY 2018 budget book appropriation. Agencies with approved reorganizations should contact their OBA analyst for guidance.
- FY 2019 Request – prepopulated by BARS with object 01 data from the Salary Forecast exercise, as well as controlled subobjects.

Over-the-Target Requests

There is a limit of ONE over-the-target request for FY 2019. Multiple requests should not be combined into a single item. **Over-the-target requests in excess of one will not be reviewed.**

Adjustments to Current Year Appropriations

To assist in DBM’s transition of budget amendment management to the new BARS enterprise budget system, **agencies are asked to exclude all budget amendments from the FY 2018 working appropriation in the budget submission.** Additional guidance on the [DA-28](#) can be found in [Section D.8](#).

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

DA Form Updates

Contractual Employees DA-22 Form

The [DA-22 form](#) can now be completed on an agency-wide or unit-wide level – DBM requests that agencies do not submit the DA-22 at the sub-program or program level. Smaller agencies are asked to submit one DA-22 worksheet per agency, while larger agencies may submit one DA-22 with a separate tab for each unit. See [Section B.3](#) for more detail.

Vehicle Purchase DA-8 Form

The DA-8, DA-8AF and DA-8AP have been merged into one [DA-8 form](#). Agencies should include all replacement and/or additional vehicles in **one worksheet**, indicating the relevant programs and subprograms in the new columns in the DA-8 form. See [Section B.7](#).

Fund File and DA-3A

The Budget Submission Template downloaded from the BARS Agency Data Exchange will include a worksheet for agencies to complete with non-general fund detail for the FY 2017 actual, FY 2018 working appropriation, and the FY 2019 request. This worksheet will serve as the DA-3A for FY 2019. The [DA-20](#) will be utilized as in previous years for agencies to provide balance and income data for each fund source. See [Section C.1](#) for more detail.

Eliminated DA Forms

The following DA forms have been eliminated for FY 2019:

- DA-2A: Health Insurance will be level funded from FY 2018, and thus a rate calculation is not required.
- DA-25C: Required information is collected on the DA-25B.
- DA-29: The data for the Statement of Dedicated Funds will be collected from agencies through a separate process. See [Section D.9](#) for more detail.

BARS Upload Detail for DA-21B and DA-28

Note the [DA-21B](#) and [DA-28 forms](#) include a new tab for line-item detail that agencies must provide.

I.2 COMMON MISTAKES AND OMISSIONS
THE FOLLOWING ARE OFTEN OMITTED OR DONE INCORRECTLY.

Throughout this instructions document, the “✎” symbol indicates items that are often omitted or done incorrectly and correspond with this list.

✎ Hard Copy Submission of Budget Materials

Agencies are required to submit two hard copies of the budget submission materials to Angela Miller.

✎ Checklist

The checklist found in [Section I.3](#) must be completed and attached to the front page of each budget submission. If the department/agency submits any 6-digit units or 8-digit programs separately, there should be a checklist for each unit or program.

✎ Controlled Subobjects

The FY 2018 legislative appropriation amount per controlled subobject will be included in the target letter from DBM. **The FY 2019 budget request must contain** exactly the same amounts by fund as the FY 2018 legislative appropriation sent with the targets for the following subobjects. DBM will modify the FY 2019 budget once decisions about the items are finalized.

- 0101 = Regular Earnings*
- 0152 = Health Insurance
- 0154 = Retiree Health Insurance
- 0175 = Injured Worker's Insurance Fund (IWIF) premiums
- 0217 = Contractual health insurance
- 0305 = DBM paid telecommunications
- 0322 = DBM telecommunications lease
- 0697 = Maryland Environmental Service charges
- 0831 = Office of Administrative Hearings
- 0833 = eMaryland Marketplace
- 0839 = Human Resources Shared Services
- 0874 = Office of the Attorney General administrative fee
- 0875 = Retirement administrative fee
- 0876 = DoIT services allocation
- 0882 = Annapolis Data Center charges
- 0894 = Statewide Personnel System
- 0897 = Enterprise Budgeting System

***Must match the salary forecast from the position inventory. Agencies may do reclassifications, but the changes should be reflected in 0112 and NOT 0101.**

Agencies for which special-funded legislative audit chargebacks were budgeted in FY 2018 should deduct the chargebacks in the FY 2019 request.

✎ Social Security (FICA) Contributions (0151 and 0213)

FICA is calculated ONLY on salary, subobject 0101. Please see [Sections A.1](#) and [A.2](#).

✎ Retirement/Pension Systems (0161 and 0163)

Comptroller Objects 0162 and 0164 are not to be used for requesting retirement and pension allowances.

✎ Turnover is not calculated on health insurance (subobjects 0152 and 0154).

Name changes, new programs, or any other changes to the chart of accounts must be approved by DBM **before** the budget submission.

Pay Plan Adjustments

Any reclassification proposals that affect entire classifications must be submitted using the [DA-25A](#) and [DA-25B forms](#). Any adjustments will be budgeted in the DBM budget and then distributed to the agencies via budget amendment at the beginning of FY 2019. See [Section A.3](#) for more information.

Reorganizations

An agency **must discuss any reorganization with the DBM budget analyst prior to submission of the budget request**, and no reorganizations may be implemented after the budget submission. Please see [Section A.4](#).

Positions and Salaries for FY 2019

Position salaries must match the approved salary forecast. Any over-the-target request for additional positions should be built using the FY 2018 salary plan. *DBM will add any additional funding needed for FY 2019 additional approved salary adjustments.* Refer to [Section A.5](#) for salary rates.

Contractual Employees

Please email all [DA-22 forms](#) in Excel to the DBM budget analyst. Values that are requested in 0220 must match DA-22 detail.

Vehicle Requests

Please email all [DA-8 forms](#) in Excel to Kurt Stolzenbach: kurt.stolzenbach@maryland.gov and to the DBM budget analyst. Values that are requested in 0701 must match DA-8 detail.

Lease Purchase Program for Equipment

If an agency's total budget request for equipment financed through the Treasurer's Lease Purchase Program is different from the amount in the Schedule of Payments, [Section B.9.1](#), please provide an itemization of additions and subtractions on a [DA-2 form](#), clearly identifying how the request is derived. If an agency plans to finance the purchase of additional equipment, the amounts on the schedule should be increased. If an agency plans to "pre-pay" any leases, the amount should be decreased. Agencies requesting funds in FY 2019 for additional equipment lease purchases must wait until the General Assembly approves the budget before purchasing the item from the vendor. See [Section B.9](#) for more information.

Grants

Each agency is required to provide detail on funds granted by the agency to other entities. Each grant of \$25,000 or more must be listed on a [DA-23](#). Refer to instructions in [Section B.10](#).

DGS Rent

Use [Section B.11.1](#) to budget for Comptroller Object 1303 – often agencies use the State-owned Property Lease Charges schedule (Section B.11.2) and forget to budget for the Lease Oversight Charges or Lease Management Charges. The total listed in [Section B.11.1](#) is what should be budgeted.

☐ **Non-General Funds:** See [Section C](#). All non-General Funds MUST be submitted in the fund file template (which serves as the DA-3A for FY 2019) as part of the budget submission. In addition, the hard-copy budget submitted to Angela Miller MUST have Excel Form [DA-20](#) with all fund source information. The Fund File information must reconcile with the Budget File information in the request.

☐ **Over-the-Target Requests**

Requests for funding above the target should be completed in accordance with guidance in [Section D.1](#) and submitted separately on the [DA-21A](#) and [DA-21B forms](#) **at the same time as the budget request**. DBM will not accept any over-the-target request until the electronic base budget has been submitted, and agencies should note that **DBM does not encourage the submission of an over-the-target request**. Before submitting an over-the-target request, each agency and department should consider whether there are funds that could be reallocated from within current resources to cover the request. Any request for new positions, including contractual conversions, must be submitted as an over-the-target request.

There is a limit of ONE over-the-target request for FY 2019. Multiple requests should not be combined into a single item. **Over-the-target requests in excess of one will not be reviewed.**

☐ **Major Information Technology Development Projects (MITDPs)**

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.

☐ **Indirect Cost Allocation Plans**

All agencies must submit a [DA-27 form](#), even if there are no recoveries to report. If applicable, each State agency must submit a copy of its indirect cost allocation plan currently approved by the applicable federal agency. Instructions are included in [Section D.7](#). The estimated figures for FY 2018 and FY 2019 should be added.

☐ **State Plan Measures in MFR**

Agencies with performance measures in the State Plan are required to submit data for these measures in the MFR submission, as well as include data definitions and controls, performance discussion, and strategies documentation for each measure. See [Section E](#).

I.3 CHECKLIST OF SUBMISSION REQUIREMENTS

(Attach to each budget submission)

⚡ **This checklist MUST be completed and attached to the front of the budget submission.** Submit one original and one copy of the budget request, including the following forms, by the submission date to Angela Miller, 45 Calvert St., Room 244, Annapolis.

Submitted Hard Copy	Submitted Electronically	Submission Requirement
<input type="checkbox"/>	Optional	DA-1: Agency, Unit, Program Summaries (contractual counts must be reconciled)
<input type="checkbox"/>	Optional	DA-2: Additional Justifications, Supplementary Material, or Data for Appendices in Budget Highlights book
<input type="checkbox"/>	Optional	Controlled subobjects must be budgeted at FY 2018 amount, by fund (<u>Section I.2</u>)
<input type="checkbox"/>	<input type="checkbox"/>	DA-25A and DA-25B: Pay Plan Adjustment or New Classification Request: <u>Justification</u> , and <u>Details & Summary</u> (email to kurt.stolzenbach@maryland.gov & to analyst)
<input type="checkbox"/>	<input type="checkbox"/>	DA-22: Contractual Employees (This should reconcile to DA-1) – ONE per agency, units may be reported on separate tabs)
<input type="checkbox"/>	<input type="checkbox"/>	DA-8: Motor Vehicle Operation & Maintenance (email to Kurt Stolzenbach: kurt.stolzenbach@maryland.gov and to analyst)
<input type="checkbox"/>	Optional	DA-23: Schedule of Contracts/Interagency Agreements/Grants
<input type="checkbox"/>	Optional	DA-24: Schedule of Real Property Leases
<input type="checkbox"/>	<input type="checkbox"/>	Fund File/DA-3A Estimate of Non-General Fund Expenditures - Must be reconciled with totals in the budget submission
<input type="checkbox"/>	Optional	DA-20: Statement of Non-General Fund revenue. It must reconcile with totals in the budget submission
<input type="checkbox"/>	<input type="checkbox"/>	DA-21A: Over-the-Target Request (only if necessary and not to exceed one)
<input type="checkbox"/>	<input type="checkbox"/>	DA-21B: Over-the-Target Request (Excel Form)
N/A	<input type="checkbox"/>	Organizational Chart (email to kurt.stolzenbach@maryland.gov & to analyst)
<input type="checkbox"/>	<input type="checkbox"/>	DA-27: Indirect Cost Recovery and Reversion Reporting
<input type="checkbox"/>	<input type="checkbox"/>	DA-28: Adjustment to Current Year Appropriation
N/A	<input type="checkbox"/>	MFR submission documents (email to oba.mfr@maryland.gov & to analyst)

AGENCY NOTES TO OBA:

I.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 for information about such items • OBA reviews data and determines budget target
End of May	Legislative appropriations finalized
June 20, 21, 22	Budget submission requirements meetings
June 26, 27	Webinar trainings for Salary Forecast and new Excel Budget Submission Template
July 1	Fiscal Digest available on DBM website
Early July	Budget targets distributed
July – August	Agencies prepare budget submissions
Aug. 28 – Sept. 29	Agency budget requests due to OBA Current Year Adjustment (DA-28 form) requests due to OBA
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

I.5 IMPORTANT CONTACTS

Please do not hesitate to contact your OBA budget analyst with any questions you have about the budget submission requirements or other issues that arise.

TOPIC	CONTACT	E-MAIL	PHONE
General Questions	Your OBA Budget Analyst		
Budget Submission Drop-Off	Angela Miller	Angela.miller@maryland.gov	410-260-7302
BARS	Cheri Gerard	Cheri.gerard@maryland.gov	410-260-7296
Personnel Inventory, Salary Forecast and Excel Budget Template	Kurt Stolzenbach	dlbudgethelp_dbm@maryland.gov	410-260-7416
Pay Plan Adjustments and New Classifications	Kurt Stolzenbach	Kurt.stolzenbach@maryland.gov	410-260-7416
Salary Tables	Kim Grandy	Kim.grandy@maryland.gov	410-260-7277
DoIT Telecommunications	Russell Mueller	Russell.mueller@maryland.gov	410-697-9642
SEIF/State Agency Loan Program/Energy Performance Contracts	Jeff Wulbrecht	Jeff.Wulbrecht@maryland.gov	410-260-6260
Vehicle Requests and DA-8 Forms	Kurt Stolzenbach	Kurt.stolzenbach@maryland.gov	410-260-7416
DBM Fleet Administration	Larry Williams	Larry.williams@maryland.gov	410-260-7195
Equipment Financing	Christian Lund	Clund@treasurer.state.md.us	410-260-7920
DGS Lease Management	Robert Suit	Robert.suit@maryland.gov	410-767-1819
DGS Operational Maintenance	James Keel	James.keel@maryland.gov	410-767-4263
Local Aid Submissions	Nathan Bowen	Nathan.bowen@maryland.gov	410-260-7580
State Funding and Accountability Act	Taylor Murray	Taylor.murray@maryland.gov	410-260-6071
Indirect Cost Recovery and Reversion Reporting	Michelle Pack	Michelle.pack2@maryland.gov	410-260-7417
Statement of Dedicated Funds	Carissa Ralbovsky	Carissa.ralbovsky@maryland.gov	410-260-6616
Managing for Results	Kelsey Goering Nick Napolitano	Kelsey.goering@maryland.gov Nick.napolitano@maryland.gov	410-260-7481 410-260-7353