



DEPARTMENT OF BUDGET & MANAGEMENT
OFFICE OF BUDGET ANALYSIS

Section I: INTRODUCTION AND HIGHLIGHTS

In This Section

- I.1 – Introductory Memo
- I.2 – New for FY 2020
- I.3 – Checklist of Submission Requirements
- I.4 – Operating Budget Calendar
- I.5 – Important Contacts

JUNE 2018

June 22, 2018

TO: All Departments and Independent Agencies

FROM: Department of Budget and Management (DBM)

SUBJECT: FY 2020 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 successes, but significant work remains to be done.

Attached are the requirements for submitting agency FY 2020 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 2020 budget proposal that:

- Maximizes efficiencies and identifies potential cost savings;
- Maintains structural budget reductions previously implemented;
- 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 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 2020 Budget Submission Requirements document, there will be references to many of the budget creation and submission processes that are moving to the BARS system. 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.2](#) for a summary of new or revised requirements.

I.2 NEW FOR FY 2020

Throughout this instructions document, the “✎” symbol indicates items that are new for FY 2020 and correspond with this list.

Position Reconciliation Process in BARS

Agencies are asked to perform the Position Reconciliation exercise in BARS. The exercise will allow agencies to compare FY 2020 personnel data to current information in Workday and make adjustments as necessary. **Agency salaries produced by the Position Reconciliation process may result in the agency exceeding its budget target provided by DBM. Agencies are responsible for managing funds following the creation of the Salary Forecast to submit a budget that is at or below the budget target.**

After agencies completed the Position Reconciliation exercise, BARS applied across the board updates as follows:

1. BARS updated position data with salaries based on January 1, 2019 salary schedule and associated fringe value.
2. BARS populated updated Object 01 data in each respective comptroller object by fund based on the PIN fund splits provided with the FY 2020 position data.
3. Salaries and fringes (0101, 0151, 0161, etc...) are “Read Only” based on their calculations from the Position Reconciliation exercise once positions have been established.

See [Section A.1](#) for additional detail.

Agencies with Non-General Funds

As part of collective bargaining, the State negotiated that if FY 2018 revenues exceed the December 2017 estimate by \$75 million employees will receive an additional 0.5% increase and a \$500 bonus effective April 1, 2019. DBM will communicate with agencies how to budget for this should it occur. However, agencies will need to prepare for the cost of this increase and account for the non-general fund cost.

Agencies with non-general funded positions should anticipate the possibility of an FY 2020 COLA and/or increment increase, and should estimate the effect this increase will have on available balances of special and federal fund sources. Historically, annual COLA increases have been around 2%.

As in the past, DBM requests that agencies with health insurance supported by non-general funds prepare for the cost of rate increases by setting aside special and federal fund balance for this expense, accounting for a possible increase.

DBM Billing for the BARS Budget System

Beginning in FY 2020, agencies supported by non-general funds will begin being billed for the operation and maintenance of the BARS budget system. These charges will be made for agencies using the Comptroller Subobject 0897. Funds relating to these charges will not be included in agencies’ targets and will be addressed later in the year during the budget cycle.

Fringe Calculations in BARS (FICA, Retirement Rates, and Unemployment Insurance)

The rates for fringes calculated using a position or contractual position’s salary will be automatically calculated within BARS during the Position Reconciliation process based on each position’s class code, step, and fund split. See [Section B.14](#) for more detail.

Social Security (FICA) Contributions (0151 and 0213)

The 0151 rate for FY 2019 = 7.28% of regular earnings (0101) up to \$136,769. For an annual salary over \$136,769 the rate is 1.45% of the amount over \$136,769.

The 0213 rate for FY 2019 = 7.65% of each position’s salary (0220) up to \$130,223. For an annual salary over \$130,223 the rate is 1.45% of the amount over \$130,223.

Retirement Rates

0161	Employees' Retirement System	19.31% of 0101
0163	Teachers' Retirement System	16.19% of 0101
0165	State Police Retirement System	79.47% of 0101
0166	Judges' Pension System	44.53% of 0101
0168	Optional Retirement/Pension System (TIAA)	7.25% of 0101
0169	Law Enforcement Officers Pension System	41.43% of 0101

Turnover

Turnover on all positions should be considered at the subprogram level (or program level if subprograms are not used) rather than being calculated on individual PINs. This should result in a level of turnover that reflects historical/normal resignation and recruitment activity at the program or subprogram level. See [Section A.2](#) for more detail.

Reorganizations

DBM will only permit agencies to reflect a reorganization in BARS for reorganizations approved by DBM and the Office of Personnel Services and Benefits (OPSB) that is effective July 1 of the current year (July 1, 2018 for the FY 2020 budget request). Additional guidance can be found in [Section A.4](#).

Agency Budget Justifications

Agencies will be submitting the FY 2020 budget through BARS, similar to prior years with HOB0. Many of the DA Forms (now “Supporting Detail” or “SD”) and other supporting information previously required are now to be submitted through BARS. In addition to the budget detail and the SD information, agencies should provide additional supporting budget information and detail.

Agencies are strongly encouraged to continue to do whatever work was previously performed outside of the system and shared with DBM prior to FY 2020.

Submission Methodology

Submitting Adjustments in BARS: As indicated in the BARS training, agencies will have an FY 2020 budget target “released” as the “Agency Request” stage in BARS. Agencies can view this baseline and then make adjustments to finalize the request. Agencies will also review and update the FY 2018 and FY 2019 data as separate adjustments as needed.

Targets: Agency General Fund and Special Fund Targets can be viewed in BARS in the Budget Request Module. Specific adjustments will be entered at the line-item level by OBA, while non-specific adjustments will be entered into a “0192” dummy line that agencies will need to redistribute. OBA analysts will help identify where the “0192” line is when agencies are notified they can begin to work on the budget request.

- One example of a non-specific adjustment for most agencies will be the difference between the salary forecast totals and what the agency had budgeted for salaries and fringes based on salaries in FY 2019.
- Agencies must redistribute the “0192” dummy line before the budget submission. This means that funding on that line-item MUST equal zero when the budget request is submitted to OBA.

Budget Development Guidance

In BARS, we reference “targets” in two ways:

- A CSB target, which is the total General Fund and /or Special Fund target for the agency’s entire budget submission. This is what DBM has historically referred to as the agency’s budget target. The full budget submission in BARS will validate to ensure the request does not go over the target amount(s).
- Target adjustments and/or locks, which are specific updates that DBM analysts have entered in BARS to ensure that budget mandates and other specific budget items are properly reflected in the submission. For example, DBM may increase a grant program by \$1 million to reflect the funding level specified in statute through a target adjustment. DBM may also “lock” that line item or subprogram to ensure that the funding stays in the mandated location.

Agencies may have to decrease portions of their 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 (Comptroller Object or “subobject”). Please refer to [Section B.14](#) for a list of subobjects and guidance on each. Additional guidance can be found in [Section B.1](#).

Budget Data in BARS:

While BARS includes budget, position and fund source baseline information for all three years, the system does not yet have any Supporting Detail (for example, the DA-22 detail that justifies contractual positions in the budget). **This means that, for this first year in the system only, agencies will need to submit this detail in separate adjustments for all three years.** While this does not save time compared to prior years being outside of the system, *THIS IS THE ONLY YEAR THIS WILL BE NECESSARY.* After this year, the Supporting Detail information will roll over, just like the budget detail.

- FY 2016 and FY 2017 Actual Expenditures – prepopulated by BARS, cannot be adjusted.
- FY 2018 Actual Expenditures – Agencies will have a choice to have this information prepopulated by BARS using a data download from FMIS, OR to use the current FY 2018 budget data as a starting point. ***DBM emphasizes that FMIS data is to serve as a guide but is unlikely to match final FY 2018 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 by submitting BARS adjustment(s) for FY 2018.

In addition, because the DA-forms are replaced by Supporting Detail (SD) “tabs” in BARS, agencies will need to complete FY 2018 adjustments to enter this supporting information into the system.

- FY 2019 Budget Book Appropriation – prepopulated by BARS from the FY 2019 Legislative Appropriation. Agencies can submit adjustments to restate the FY 2019 appropriation within a program. Realignment within programs are permitted per usual but, ***no budget amendments should be included in this column. New this year, budget amendments will automatically be added by BARS as they are approved.*** Agencies with approved reorganizations should contact their OBA analyst for guidance.

In addition, because the DA-forms are replaced by Supporting Detail (SD) “tabs” in BARS, agencies will need to complete FY 2019 adjustments to enter this supporting information into the system.

- FY 2020 Request – prepopulated by BARS using the FY 2019 Legislative Appropriation, including target adjustments by DBM, updated object 01 data from the Position Reconciliation exercise, as well as “locked” controlled subobjects.

In addition, because the DA-forms are replaced by Supporting Detail (SD) “tabs” in BARS, agencies will need to complete FY 2020 adjustments to enter this supporting information into the system.

See [Section B.2](#) for additional detail.

DA Form Replacements

Contractual Employees Supporting Detail (SD)

The DA-22 has been replaced by the Contractual SD form in BARS. It can be completed in the system at a subprogram level up to unit-wide level. See [Section B.3](#) for more detail.

Vehicles Supporting Detail

The DA-8 has been replaced by the Vehicles SD form in BARS. Agencies must completely fill out the SD form for all replacement and/or additional vehicles. See [Section B.7](#) for more detail.

Contract/Grant Supporting Detail

The DA-23 has been replaced by the Contract/Grant SD form in BARS. Agencies will be responsible for providing complete contract detail for each year for the module. Where contracts are funded in various subprograms or with multiple fund types, there should be an entry for each funding component for each contract. See [Section B.8](#) for more detail.

Real Estate Leases Supporting Detail

The DA-24 has been replaced by the Real Estate Leases SD form in BARS. Agencies must provide complete detail for all non-DGS leases for each subprogram in which funding for rent is budgeted. All information must be entered separately for each lease, existing and proposed, and there must be an entry for each funding component. See [Section B.11](#) for more detail.

Fund File for Non-General Funds

BARS requires that fund source detail be provided in every adjustment made, which means that agencies no longer need to submit separate fund source detail in an Excel template. While users will specify fund sources as they work, they will also have the opportunity to create revenue-only adjustments before submission to DBM to adjust the fund source breakdown after viewing the entire budget before its final submission in the aggregate.

Non-General Fund Submission Requirements

1. Fund Source Detail by Program:
Specify in each BARS adjustment, as well as realign if necessary before submitting the entire Budget Request submission.
2. Fund Source Income and Balance Data for Special Funds Only
Provide the prior year fund balance and three years of income (PY actual and CY/BY estimates) for each individual special fund source.

The DA-3A and the DA-20 forms are no longer required as reports with the needed information will be generated from BARS. BARS will verify that the expenditure amounts submitted in the fund file are exactly the same as the expenditure amounts reported in the budget files at the program level.

See [Section C.1](#) for more detail.

Eliminated DA Forms

The following DA forms are not required and have been eliminated or replaced with reports or modules for FY 2020: DA-1, DA-2, DA-2A, DA-3A, DA-20, DA-21A, DA-21B, DA-22, DA-23, DA-24, DA-25C, DA-28, and DA-29 are no longer required

Budget Amendments

Beginning July 1, 2018, agencies will be using BARS to submit budget amendments. Agencies are no longer required to submit a DA-28 form to get prior approval for submitting budget amendments. However, agencies are encouraged to discuss any proposed budget amendment submissions with their budget analyst. See [Section B.2](#) for additional detail.

Chart of Accounts Data Changes

Agencies are encouraged to review their agency's units, programs, subprograms, or agency subobjects in BARS through the Agency Administration - COA Maintenance tab. The BARS Chart of Accounts (COA) must be up-to-date in order for an agency to select valid account codes when making adjustments. See [Section B.2](#) for additional detail.

Over-the-Target Requests

As in FY 2019, there is a limit of ONE over-the-target request for FY 2020. Multiple requests should not be combined into a single item. Any request must be submitted to DBM using an Over the Target adjustment in BARS. The information supplied in this BARS adjustment will be used by DBM staff to understand both the costs and programmatic impacts of the request. **Over-the-target requests in excess of one will not be reviewed, and multiple items should not be combined into one request.** See [Section D.1](#) for additional detail.

Adjustments to Current Year Appropriations

Agencies are asked to submit Current Year Appropriation requests through BARS using the Budget Amendment adjustment type or a Deficiency adjustment type. The FY 2019 Working Appropriation should be limited to amendments that have been approved at the time of submission. A COLA or SLEOLA amendment may be approved at this time. See [Section D.8](#) for additional detail.

Agency Reductions

Agencies are asked to submit Agency Reduction adjustments in BARS, which will be sent to DBM with the FY 2020 budget submission. Agencies must submit a set of reduction options that total to the target, and individual reduction “options” should be submitted as separate adjustments in BARS. **Agencies should not combine all reductions options into a single BARS Agency Reduction adjustment.**

I.3 CHECKLIST OF SUBMISSION REQUIREMENTS

(Attach to each budget submission)

Submitted Electronically

‡ Because of the level of budget detail captured by the BARS budget system, State agencies are no longer required to submit hard copies of the budget submission. However, please use this checklist for reference of what budget submission requirements are still required to be submitted electronically outside of the BARS system.

Submission Requirement

<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: kurt.stolzenbach@maryland.gov & to analyst)
<input type="checkbox"/>	Organizational Chart (email to Kim Grandy: kim.grandy@maryland.gov & to analyst)
<input type="checkbox"/>	DA-27: Indirect Cost Recovery and Reversion Reporting (email to analyst)
<input type="checkbox"/>	MFR submission documents (email to oba.mfr@maryland.gov & to analyst)

‡ **REMINDER: the DA-1, DA-2, DA-3A, DA-8, DA-20, DA-21A, DA-21B, DA-22, DA-23, DA-24 and DA-28 supporting detail forms are no longer necessary as this information is now captured in the BARS budget system.**

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
May 29 – June 22	Agencies update personnel data through the Position Reconciliation exercise in BARS
End of May	Legislative appropriations finalized
June 26, 27	Budget submission requirements meetings
July 1	Fiscal Digest available on DBM website
Early July	Budget targets, including salary data calculated from Position Reconciliation, released to agencies in BARS
July – August	Agencies prepare budget submissions
August – September	PY 18 CPB Actuals Review and Update
September	Agency budget 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</p> <p>Press conference by the Governor</p> <p>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		
Physical Budget Submission Drop-Off (No Longer Required)	Angela Miller; see Section I.3	Angela.miller@maryland.gov	410-260-7302
BARS Questions	Your OBA Budget Analyst		
Position Reconciliation and Salary Forecast	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	Breanna Browne	Breanna.browne@maryland.gov	410-260-7537
Vehicle Requests and DA-8 Forms	Kim Grandy	Kim.grandy@maryland.gov	410-260-7277
DBM Fleet Administration	Joe Consoli	Joseph.consoli@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	Courtney League	Courtney.league@maryland.gov	410-767-5516
Local Aid Submissions	Nathan Bowen	Nathan.bowen@maryland.gov	410-260-7580
State Funding and Accountability Act	Beth McCoy	Beth.mccoy1@maryland.gov	410-260-7582
Indirect Cost Recovery and Reversion Reporting	Michelle Pack	Michelle.pack2@maryland.gov	410-260-7417
Statement of Dedicated Funds	Emily Vianna	Emily.vianna@maryland.gov	410-260-7369
Managing for Results	Kelsey Goering Bridget Patton	Kelsey.goering@maryland.gov Bridget.patton@maryland.gov	410-260-7481 410-974-3726