

## **FY 2023 Capital Budget Request Guide**

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## **Introduction**

Each year, State agencies submit their capital funding requests to the Department of Budget and Management (DBM) Office of Capital Budgeting (OCB). This document outlines the overall process in which agencies prepare for and submit budget requests, and includes helpful hints, links, and checklists to ensure accurate and complete submission. Further detailed instructions on how to use the Capital Budget Information System (CBIS)—the State’s online capital budget submission software—can be found in the [CBIS Manual](#).

Each State agency is assigned a capital budget analyst, who provides technical assistance in budget submissions as well as preparing facilities master plans, capital project proposals, equipment eligibility lists, et cetera. OCB analysts work closely with their agencies and the rest of the DBM team to prepare the Governor's annual capital budget and five-year Capital Improvement Program (CIP).

All agencies should use their assigned OCB analyst as a resource before, during, and after the budget submission process. OCB strives for open and ongoing communication throughout the year to create a streamlined submission process for agencies. Once an agency submits its request, the assigned OCB analyst will review the request and reach out with questions or request additional information, if necessary. The analyst may also require agencies to revise and resubmit requests that lack complete, accurate information.

To save time and effort, please make full use of the guideline and instruction documents, including the information outlined in this guide. This guide provides critical information to ensure submission of a high quality, complete, and accurate request, which will reduce the need for revisions and resubmissions. For more information, please reach out to your OCB analyst or visit The Department of Budget and Management – Capital Budget Homepage.

## **Important and Helpful Links**

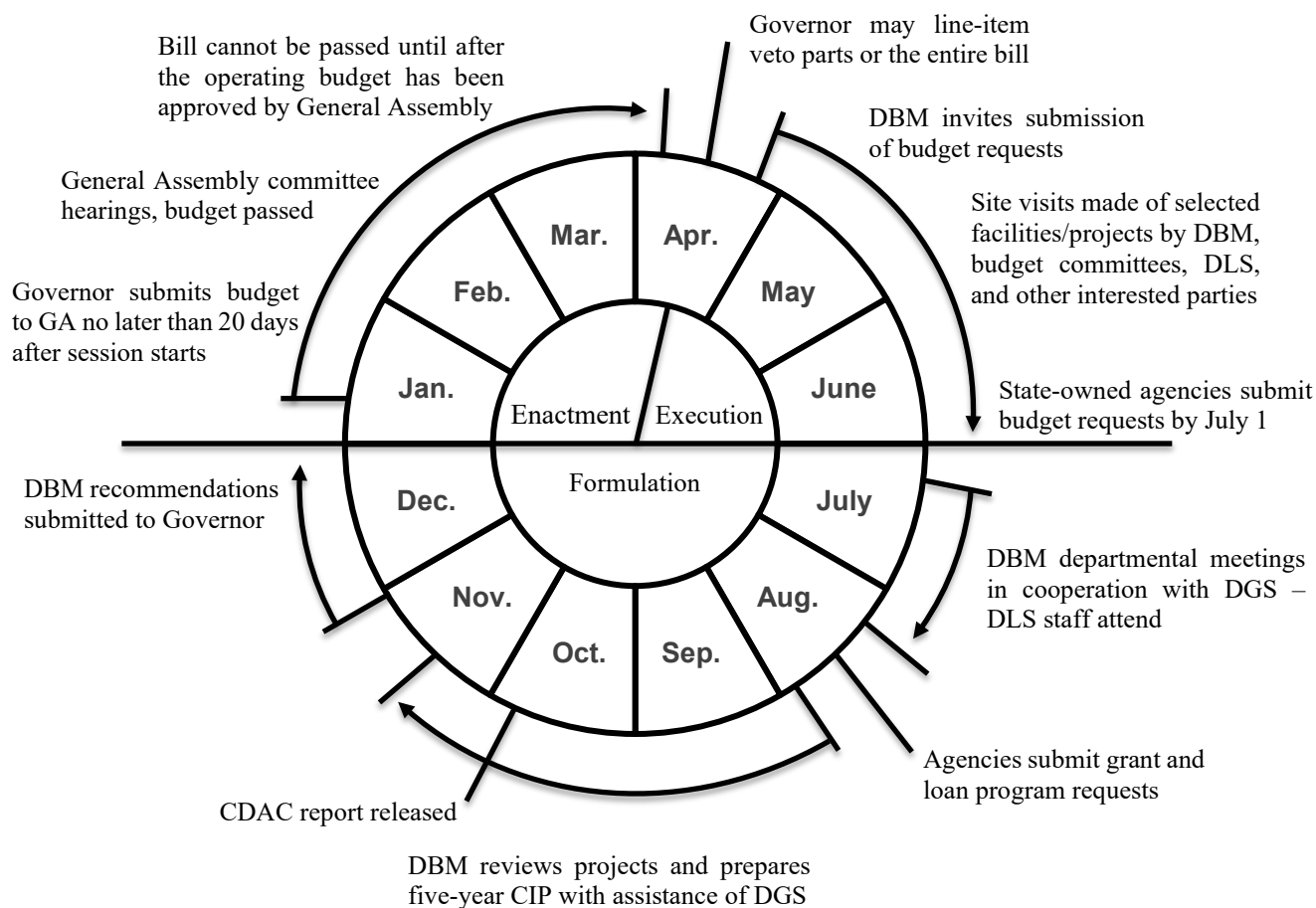
Please consult the following links as you prepare your budget submission.

- [Capital Budget Homepage](#)
- [Capital Budget Analysts Contact Information](#)
- [CBIS Manual](#) and [CBIS What’s New Summary](#)
- [Facility Program Manual](#)
- [FY 2022 Capital Improvement Plan \(CIP\)](#)
- [FY 2022 Capital Budget Bill \(MCCBL of 2021\)](#)
- [Growth and Conservation Criteria \(GCC\) Form](#)
- [GCC Interactive Map](#) and [Coast Smart CRAB Map](#)
- [Coast Smart Program and Project Screening Form](#)
- [Capital Equipment Guidelines](#) and [Capital Equipment Request \(Form G\)](#)
- [Equipment Allowance Calculator](#) (higher education agencies only)
- [Project Funding Status Report Form](#)

## **Budget Process**

Maryland operates its finances according to the fiscal year calendar, which begins on July 1st. To plan for future capital needs of the State, OCB develops a five-year capital plan for Maryland. This Capital Improvement Program (CIP) is updated annually through the capital budgeting process. Agencies submit requests for capital projects annually (including projects with pre-authorizations or planned funding) by July 1st or August 15th, depending on the type of request. DBM, Department of General Services (DGS), and other executive departments review submissions and submit recommendations to the Governor. The Governor incorporates these recommendations and other considerations into his five-year CIP, which is proposed to the General Assembly in January. The General Assembly votes only on the proposed capital budget for the first year (“budget year”) of the CIP, which becomes law.

## **Capital Budget Cycle**



CDAC: Capital Debt Affordability Committee  
 CIP: Capital Improvement Plan  
 DBM: Department of Budget and Management  
 DGS: Department of General Services  
 DLS: Department of Legislative Services  
 GA: General Assembly

Source: Department of Legislative Services

## **Important Dates**

**July 1st, 2021:** State-owned requests are due

**August 15th, 2021:** Grant and loan requests and non-State-owned requests are due

## **Facility Program Deadlines**

Important note on facility programs (for State-owned agencies and applicable grant and loan programs): Please ensure that you have submitted an electronic version of your facility program. If you choose to submit a paper copy of your facility program, also include an electronic version.

For FY 2023 - FY 2027 requested projects that would be new to the CIP, the submission deadline for part I of the facility program is **June 29, 2021**. The deadline schedule for part II of the facility program is as follows:

- FY 2023 requested projects: March 1, 2021 (*past due*)
- FY 2024 requested projects: March 1, 2022
- FY 2025 requested projects: March 1, 2023
- FY 2026 requested projects: March 1, 2024
- FY 2027 requested projects: March 3, 2025

## **Capital Budget Submission**

To be considered for capital funding, you must submit a complete and accurate budget request. OCB requires you to submit your agency's request in CBIS and provide additional documents as appropriate for your agency, project, and program. Included in the CBIS Manual is an introduction, instructions for each type of budget request, an appendix, and Cost Estimate Worksheet (CEW) instructions. The introduction section of the manual lists which set(s) of CBIS instructions you must follow for your agency based on the four types of budget requests, which are State-Owned Projects, State-Owned Programs, Grant and Loan Programs, and Non-State-Owned Projects.

It is important that you understand, complete, and submit each document required for your project or program. Individual technical assistance and CBIS training sessions are available to agencies and budget preparers. Please contact your assigned capital budget analyst to schedule a session, and do not hesitate to contact your analyst if you have any questions during the budget submission process, before or after your training session.

## **Capital Budget Information System (CBIS)**

CBIS is the computer database utilized by OCB to process your capital budget request. To be considered for capital funding, you are required to complete several CBIS worksheets. Below is an overview of important CBIS sections along with OCB's expectations for your submission. **For a complete set of instructions for CBIS as well as technical inquiries, refer to the CBIS Manual.** If you have questions, please contact your capital budget analyst.

### Obtaining a CBIS Login or Password Reset

All capital budget requests need to be submitted via CBIS. To obtain a username and password for CBIS, contact the Service Desk at (410) 697-9700 or [service.desk@maryland.gov](mailto:service.desk@maryland.gov). Provide your name and agency, and explain that you need a CBIS login when you call or email.

To reset your password, click the “forgot password” link and answer the security questions that you previously set. If this does not work, please contact the Service Desk for further assistance in resetting your password.

### Cost Estimate Worksheet (CEW)

Most projects require a Cost Estimate Worksheet, though it is not required for some projects within programs. (If your project does not require a CEW, there will be no “CEW” option in the toolbar.) Cost estimates for each project requested for FY 2023 – FY 2027 must be supported by a CEW entered into CBIS, unless a CEW is not required. Step-by-step instructions for completing the CEW are available in [Section IX](#) of the CBIS Manual.

CEWs are escalated to the midpoint of construction to account for inflation. **Escalation is to be calculated at 5.0 percent for calendar year 2021 and 4.5 percent for each year thereafter.** For projects already in the CIP and without final contracts, remember to increase the base costs by the 2020 escalation rate of 4.0 percent and update the “Estimate Reference Point” to 2021. In addition to escalation, certain counties have a regional construction factor (RCF) below or above 1.0 to account for the variation in wage rates. The FY 2023 Regional Construction Factors are provided in the table below.

FY 2023 Regional Construction Factors

<u>County</u>	<u>RCF</u>	<u>County</u>	<u>RCF</u>
Allegany	1.25	Harford	1.00
Anne Arundel	1.00	Howard	1.00
Baltimore City	1.00	Kent	1.00
Baltimore County	1.00	Montgomery	1.00
Calvert	1.00	Prince George’s	1.00
Caroline	1.00	Queen Anne’s	1.00
Carroll	1.00	St. Mary’s	1.10
Cecil	1.00	Somerset	1.05
Charles	1.10	Talbot	1.00
Dorchester	0.95	Washington	1.10
Frederick	1.10	Wicomico	1.05
Garrett	1.25	Worcester	1.05

After budgets have been submitted, there may be better information about the economy and the bidding climate. In preparing final budget recommendations, DBM may adjust the escalation rate up or down, as appropriate.

## Cash Flows

Agencies that have projects that are not managed by DGS must submit a cash flow projection in **Microsoft Excel format** for projects for which construction funding is requested in FY 2023. OCB prefers a schedule showing projected expenditures by month. The cash flow must disaggregate spending by acquisition, planning, construction, and equipment funds.

- Click [here](#) to view a sample of a cash flow.
- A [cash flow template](#) is provided for your convenience, but agencies may use their own templates.

Please upload your cash flow in the “Justification” section of CBIS.

## Printing Your CBIS Worksheets

The CBIS Worksheets are the main formats used in the review and evaluation of your request by DBM and later by the Maryland General Assembly’s staff. OCB strongly recommends that you print a hard copy of completed CBIS worksheets prior to submission. You should review these worksheets to verify that all your data and text entries are correct. It will also be an important reference for your agency budget meeting with DBM. For additional information or questions about how to print your worksheets, please consult our CBIS Manual or contact your assigned budget analyst.

## Documents Completed Outside of CBIS

The following section discusses other documents that *may* be required for your capital project. Please ask your budget analyst if you are unsure whether you should complete a form.

## Growth and Conservation Criteria (GCC) for Capital Budgeting

Under the Local and State Targeted Growth and Conservation Areas, Maryland will be able to better coordinate the smart growth efforts and programs of State government. The Smart Growth Subcabinet agencies collaborate with local governments to identify locations where targeted investments can promote growth and protect other areas where preservation and conservation should be a priority. DBM has developed GCC Guidelines for capital budgeting. All State agencies **must** consider these guidelines in their capital budget requests when prioritizing projects to be funded and when siting new capital projects.

GCC Guidelines for Capital Budgeting are:

- Use State investment in capital improvements to encourage development, redevelopment, and economic growth in locations best suited to accommodate growth and achieve GCC goals and objectives.
- Minimize State investments that may compromise or damage historic, cultural, and natural resources or environmentally sensitive lands. Encourage use or rehabilitation of available existing historic buildings where practicable and feasible when allocating State resources for capital projects.

- State-funded capital improvements for new construction will be guided by departmental plans and consistent with GCC goals. To the extent practicable, State capital investments should be made according to the following priority sequence:
  1. Protection of public health and safety.
  2. Infrastructure maintenance and system preservation.
  3. Redevelopment, enhancement improvements, and capacity expansions in Targeted Growth and Revitalization Planning Areas.
  4. Enhancement improvements in Established Community Areas in Priority Funding Areas (PFAs).
  5. Enhancement improvements in communities outside PFAs.

All agencies must complete the [GCC Criteria Spreadsheet](#) for their FY 2023 requested projects (including stand-alone projects and projects within a program) and submit it with their FY 2023 capital budget submission. Please follow the instructions contained in the 'Instructions' tab of the GCC template.

For assistance with Growth and Conservation Criteria, please contact your capital budget analyst.

### **Coast Smart Construction Program *(Policy Change in FY 2023)***

The Coast Smart Construction Program was developed by the Coast Smart Council under authority provided in Section 3-1001:1018 of the Natural Resources article. The program establishes siting and design criteria to address sea level rise and coastal flood impacts on capital projects.

All State and local capital projects that are at least 50 percent funded with State funds, and have a total project cost of \$500,000 or more, must be constructed in compliance with the Coast Smart Construction Program siting and design criteria. This criteria applies to all capital projects that include construction or reconstruction of a structure, or the construction of a highway facility.

A Coast Smart-Climate Ready Action Boundary (CS-CRAB) has been developed into an Interactive GIS Map to assist agencies in screening projects. Agencies can access the [Coast Smart Construction Program and Project Screening Form](#) and the [Coast Smart CRAB map](#) on the OCB website, with additional information found on the [Coast Smart Council website](#). For assistance with Coast Smart criteria, please contact your capital budget analyst.

### **Capital Equipment *(Policy Change in FY 2023)***

Projects with capital equipment funding requests are required to submit a DBM [Equipment and Furnishings Request - Form G](#) with the exception of higher education agencies that elect to use the formula allowance. Agencies must submit equipment lists no later than three months after design completion. Please review the [Capital Equipment Guidelines](#) before completing Form G.

State government units are **required** by State law and regulation (Ref: COMAR 21.11.05) to procure supplies and services from designated selling entities whenever possible – generally, this refers to Maryland Correctional Enterprises (MCE). If MCE cannot provide a specific product or item, the A/E must obtain a written waiver from MCE for that product. Products from alternate



sources will not be accepted without a waiver from MCE. More information about MCE is available at <https://mce.md.gov/>.

### **Equipment List Escalation**

- Beginning in the FY 2023 budget cycle, an annual escalation rate of three percent will be applied to the cost of capital eligible equipment once an equipment list is submitted.
- This rate will be calculated from the month the equipment list is submitted to DBM until the final month of construction.
- A line item with this rate will be included at the bottom of each Form G section.

### **Equipment Allowance (Higher Education Agencies only)**

- Beginning in the FY 2023 budget cycle, higher education projects that are not fully funded and that do not have an approved equipment list are eligible to utilize an equipment cost allowance based on a percentage of the total structural cost of the net assignable square footage (NASF) of the building. The percentage allowance is as follows:
  - Community colleges: 23 percent of structure NASF cost
  - Four-year institutions: 29 percent of structure NASF cost
- The equipment allowance will be calculated by agencies annually using the “[Equipment Allowance Calculator](#)” until a construction cost estimate is provided by the construction company, at which point the equipment allowance is fixed.
- “Escalation to Mid-Point” should be removed from the equipment allowance calculation when the project has a cost estimate from the architect/engineer (A/E) or construction manager (CM) and the base cost factors in an escalation estimate.
- Higher education agencies and DBM retain the option to have an equipment list reviewed in lieu of utilizing the equipment cost allowance.

### **State-Owned Requests**

State-owned project requests need a part I facility program submitted to DBM prior to being included in the CIP and a part II facility program prior to being included in the upcoming budget year. Please see the [Important Dates](#) section of this document for more information on the submission deadlines for facility programs.

A State-owned project request must include a Cost Estimate Worksheet (CEW) and a Growth and Conservation Criteria Form. A cash flow estimate from the A/E or CM is required if you are requesting construction funds for a project in FY 2023. If you are requesting equipment funding in FY 2023 for a project requiring an Equipment and Furnishings Request - Form G, the Form G must be submitted to DBM. Independent Procurement Agencies are required to submit a Project Funding Status Report.

Please view an example of a completed [State-owned project request](#). This example includes notations to help avoid common mistakes. Please review the example carefully while completing your request.



## **Grant and Loan Requests**

For project requests, please refer to the [Growth and Conservation Criteria](#), [Cost Estimate Worksheet](#), and [Cash Flows](#) sections of this document to assist with your capital budget request.

For program requests, please carefully review the CBIS Manual instructions to understand how to document program activity. Although some information is provided below, the CBIS Manual contains additional details necessary to accurately complete your request.

## **Documenting Current Year Planned Activity**

The Part II section, Summary of Proposed Use of Available Funds for Current Fiscal Year (“Projects – Current Year Planned Activity” screen in CBIS) should reflect your **current spending plan** for FY 2022; this may be different from the Part IV project list from last year (which CBIS rolls over to this year’s Part II).

## **Documenting Encumbrance and Expenditure Activity**

- All State-administered grant and loan programs must provide updated data in the Prior Appropriations (“Prior Activity” tab) and Encumbrance and Expenditure Summary sections in CBIS (“Activity” tab).
- Information not capable of input into CBIS must be submitted in a spreadsheet in Excel or PDF format attached to the “Justification” section in CBIS.

Please view an example of a completed [grant and loan request](#). Note: For programs with projects that require CEWs, please see the State-owned [CEW example](#). The examples include notations to help avoid common mistakes. Please review the example carefully while completing your request.

## **Consolidated Requests for Certain Capital Improvements**

Funds for Statewide programs are limited, and agencies should consider using other sources of funds for these projects (such as other capital programs or federal funds). The following types of capital improvements are consolidated into a single statewide request by designated agencies:

- Requests for **accessibility projects** to comply with the Americans with Disabilities Act should be submitted through John Brennan Maryland Department of Disabilities (MDOD), at (410)767-3640 or [john.brennan@maryland.gov](mailto:john.brennan@maryland.gov). The Department will review and prioritize these projects for funding from a single statewide fund source.

*Note: In FY 2020, DBM and MDOD instituted a policy requiring higher education institutions to contribute at least 30 percent of the total cost of projects within the Access Maryland program.*

- Requests for **infrastructure or facilities renewal projects, asbestos abatement or encapsulation, and underground heating oil storage tanks** should be directed to Mr. Courtney League of DGS at (410)767-5516 or [courtney.league@maryland.gov](mailto:courtney.league@maryland.gov). The Department of General Services collects, reviews, and analyzes all such requests from State agencies and prioritizes them on a statewide basis. Multiple requests for related projects at the same

facility (e.g. roof replacements on multiple buildings at the same complex) with a total cost of more than \$2.5 million should be submitted as a stand-alone capital project request.

### **Energy-Related Projects**

Agencies **must** consider an energy performance contract (EPC) as a preferable alternative to capital debt for energy-related projects. Renovations, improvements, or replacements for central boiler plants, chillers, HVAC systems, lighting, energy management systems, controls, etc., should be designed, installed, maintained, operated, and financed through EPCs.

For assistance on projects that may be suitable for an EPC, please contact Ms. Lauren Buckler, Assistant Secretary of Facilities Planning, Design, Construction, & Energy at (410)767-3174 or [lauren.buckler@maryland.gov](mailto:lauren.buckler@maryland.gov).

### **Maryland Department of Planning Coordination**

- Agencies are required to prepare and submit an Environmental Assessment Form (EAF) to the Maryland Department of Planning (MDP) for each new project request.
- Please contact your assigned budget analyst for information regarding the EAF preparation process in general.

### **Expectations for FY 2023 - 2027**

The capital budget enacted by the 2021 General Assembly places constraints on the State's ability to engage in new or accelerated capital projects. Be advised that legislative pre-authorizations do not guarantee a place in the Governor's CIP. If and/or when these projects are accommodated within the CIP, other worthy projects will have to be deferred or eliminated from the CIP to maintain Capital Debt Affordability Committee and Spending Affordability Committee recommended GO bond levels. DBM is committed to maintaining the well-justified projects and programs identified in the Governor's current FY 2022 - 2026 CIP.

In keeping with the Governor's commitment to fiscal discipline, we are asking that State agencies craft an FY 2023 - 2027 capital budget request that:

- Maintains projects and programs as scheduled in the Governor's FY 2022 - 2026 CIP, unless funding is no longer required in the fiscal year in which it was planned.
- Considers the availability of federal or other fund sources that reduce the need for GO Bonds.
- Proposes new projects starting in FY 2027 that are included in the agency's most recent Master Plan and have part I facility programs submitted to DBM. DBM will consider including projects earlier in the CIP only if they are deemed necessary to address emergency or life-safety issues.
- Updates DBM on the status of on-going capital State projects.
- Justifies, with well-documented quantitative and qualitative data, the need for the project or the need for increased project funding.

- Provides cost estimates and cash flows that clearly indicate the need for funding in the fiscal year being requested.
- Provides a request worksheet that has been approved by agency management with budget information that is consistent throughout.

The Office of Capital Budgeting expects agencies to submit the highest quality work and provide compelling justification for capital funding requests to receive consideration. Please ensure that you have consulted the information above and read the information available on the Capital Budget Homepage. If you have further questions, please contact your assigned budget analyst.

A checklist is provided on the following page for submitting the capital budget request. The checklist and resources above will help with the significant undertaking of preparing and submitting a capital request.

## **Checklist for Capital Project Requests and Worksheets**

### **General Information**

- Correct agency/college
- Correct project title
- Project/Program titles do not include symbols (i.e.: & should be written as "and")
- Project/Program title contains no obscure abbreviations and acronyms
- Correct county identified
  - Specifies "Baltimore City" or "Baltimore County"
- Address information is correct
  - Correct jurisdiction
  - Correct legislative district
  - Correct longitude/latitude coordinates
- Substantive explanation in the CIP Difference Section
- CBIS Worksheets are printed

### **Project Descriptions**

- Description begins with a verb (e.g. Construct, Renovate, etc.)
- One or more sentences describing project
  - If an approved program exists, indicate GSF
  - If the program has not been approved, the NSF/GSF should not be in the description.
  - NSF/GSF of both the renovation and addition are individually indicated (if applicable)
- One or more sentences summarizing need for the project
- The NSF/GSF and costs match the CEW
- CIP Difference Section, if applicable
  - Explanation of why budget year requested funding differ from planned funding
  - Be specific
- Concluding sentence:
  - Budget year project: "The FY 2023 request includes funding to..."
  - Projects extending beyond the CIP: "The estimated cost of this project totals \$---."

### **Budget Request and Schedule**

- Correct budget numbers for each year and use (APCE)
  - Prior authorization
  - Budget Year
  - Out-years
  - Fund sources
- Worksheet matches the CEW
  - Prior/New Design, Construction, Equipment
  - Project/breakout totals
  - Design/Construction schedules
  - NSF/GSF
- Fund sources equal uses (APCE) and project totals
  - Correct matching funds
  - Correct matching sources
  - Correct state share

- There are no negative numbers

**Programs**

- Description summarizes what the program funds
- One or more sentences describe the program’s policy goal(s)
- Last sentence is “The FY 2023 budget includes funding for – projects in – jurisdictions.”
- Project lists include correct phase codes (APCE codes) on all projects
- CIP Difference Section, if applicable
  - Explanation of why budget year requested funding differ from planned funding
  - Be specific
- Update Part II to reflect the current spending plan for FY 2022

**Justification**

- Start from the DBM recommended comments from last year, if applicable
  - Update changes in information, especially workload and performance measures
- The first sentence indicates the amount requested in the budget year
- The use (APCE) of the budget year funds is indicated
- Any differences from the planned amount are explained
- Any differences from the approved program are explained
  - Program mods are identified
- Appropriate background information concerning the request is provided, including description of project scope
- Evidence and logic to support the request is provided
  - “This project will solve the following facilities problems: 1)...; 2)...”
  - Individual facilities problems are explained
- Consequences of facilities problems are clearly indicated
- Relevant and material information to justify the request is included
- Current project status for projects that have received prior funds
  - Stage of design/construction documents and project progress, schedule, budget, etc.
  - BPW item on XX date for XX contract