



DEPARTMENT OF BUDGET & MANAGEMENT
OFFICE OF BUDGET ANALYSIS

Section I: INTRODUCTION AND HIGHLIGHTS

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JUNE 2019

FY 2021 Operating Budget Submission Requirements

June 21, 2019

TO: All Departments and Independent Agencies

FROM: Department of Budget and Management (DBM)

SUBJECT: FY 2021 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 2021 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 2021 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.

Last year the State used the BARS system for the first time. We are greatly appreciative of agencies' patience and hard work during this transition. Based upon experience and feedback, OBA has continued to work on the development and implementation of BARS. Throughout the FY 2021 Budget Submission Requirements document, there will be references to many of the budget creation and submission processes that are now housed in 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. Guides will be available to agencies through BARS that will provide specific instructions on performing many operations within the budget system.

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 2021

Throughout this instructions document, the “**N**” symbol indicates items that are new for FY 2021 and correspond with this list.

Position Reconciliation Process in BARS

During the summer, agencies are asked to complete a Position Reconciliation exercise in BARS to update the FY 2020 personnel data that will serve as part of the baseline for the FY 2021 personnel budget request. At that time, agencies can make adjustments for any position data elements that need to be updated (step, location, fund split, etc.) During this process, DBM also asks agencies to confirm the 3-year position FTE allocation (“PIN counts”) by program, or Position Control (POSCON), to ensure DBM’s records are correct. This process must be completed no later than August 23, 2019 or with the submission, whichever comes first.

Before agencies complete the Position Reconciliation exercise, BARS applied across the board updates as follows:

1. BARS updated position data with salaries based on the July 1, 2019 salary schedule (and January 1, 2020 for SLEOLA) and associated fringe values calculated with current rates.
2. BARS populated updated Object 01 data in each respective comptroller object by fund type based on the PIN fund splits provided with the FY 2020 position data.

Like last year, salaries and fringes (0101, 1051, 0161, etc...) will be "Read Only" once the Position Reconciliation exercise has been completed.

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

Agencies with Non-General Funds

For FY 2021 and FY 2022, DBM is aware that SLEOLA collective bargaining agreements provide for a 4% COLA and increments. DBM will provide funding in the DBM budget in the Allowance for each year. Non-Generally funded agencies should prepare for the revenue impact of these salary increases.

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

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 \$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 \$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	20.28% of 0101
0163	Teachers' Retirement System	16.34% of 0101
0165	State Police Retirement System	80.58% of 0101
0166	Judges' Pension System	42.91% of 0101
0168	Optional Retirement/Pension System (TIAA)	7.25% of 0101
0169	Law Enforcement Officers Pension System	44.44% of 0101

Pay Plan Adjustments

Requests for an Annual Salary Review (ASR) must be submitted electronically in priority order no later than October 15, 2019 to Kurt Stolzenbach at DBM: kurt.stolzenbach@maryland.gov, copying your budget analyst at OBA. It is not necessary for agencies to submit duplicate requests to the Office of Personnel Services and Benefits (OPSB). OBA works closely with OPSB to review requests for pay plan adjustments or new classifications and provides OPSB with the supporting documentation to review such requests. See [Section A.3](#) for additional 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, 2019 for the FY 2021 budget request). Additional guidance can be found in [Section A.4](#).

Controlled Subobjects

The FY 2021 budget request must contain exactly the same amounts by fund as the FY 2020 legislative appropriation for the following subobjects. DBM will modify the FY 2021 budget once decisions about the items are finalized.

- 0152 = Health Insurance
- 0154 = Retirees Health Insurance Premiums
- 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

Vehicle Request Detail

Many of the DA Forms (now “Supporting Detail” or “SD”) and other supporting information previously required are now to be submitted through BARS. However, for requests for additional or replacement vehicles in the FY 2021 budget request, agencies should utilize the revised [DA-8 Vehicle Request Form](#), which requests data identical to the Vehicles SD tab from the FY 2020 budget submission, but in Excel format. See [Section B.7](#) for additional guidance and rates.

Contracts/Grants Detail & Management Screen

The Contracts/Grants “upper grid” is now set aside as a separate maintenance screen in BARS for the FY 2021 budget request. Agencies can manage contract detail, add additional contracts, and merge contracts into single lines through this maintenance screen. All contract/grant lines in the Contracts/Grants SD tab must refer back to this maintenance screen.

DBM Billing for the BARS Budget System (0897)

Agencies supported by non-general funds will be billed for the operation and maintenance of the BARS budget system for the FY 2021 Allowance. These charges will be made for agencies using Comptroller Subobject 0897. Please be aware that agencies with non-general funds will be assessed an allocation and should estimate the effect this increase will have on available balances and federal fund sources.

Submission Methodology

Agencies will have a FY 2021 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 FY 2019 and FY 2020 data in separate adjustments as needed.

Agency General Fund and Special Fund Targets can be viewed in BARS in the Budget Request Submission (BRS) Module. Specific target adjustments will be entered at the line-item level by OBA.

An important note regarding Supporting Detail (previously “DA-Forms”): Unlike the FY 2020 budget submission where agencies had to submit supporting detail for all three years, and had to zero out “ZZZ” line-items in the budget, for FY 2021 all Supporting Detail tabs will be prepopulated with the detailed information provided in the previous submission. This means that these lines of detail do not need to be entered from scratch, but instead just need to be adjusted to the extent the detail changed from the previous year.

- **FY 2019 Actual Expenditures** – The starting point for FY 2019 actual expenditures will be the FY 2019 working appropriation. Agencies are asked to correct this data as in previous years by submitting BARS adjustment(s) for FY 2019. There will be no direct connection to FMIS data.

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

- **FY 2020 Agency Working Appropriation** – prepopulated by BARS from the FY 2020 Legislative Appropriation. Agencies can submit adjustments to restate the FY 2020 appropriation within a program. Realignments within programs are permitted as usual but, ***no budget amendments should be included in this column. OBA will add amendment detail later in the budget process.*** Agencies with approved reorganizations should contact their OBA analyst for guidance.

In general, agencies should not need to perform adjustments to the Supporting Detail for FY 2020.

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

Budget Amendments

Budget amendments needed to **realign** current year appropriations or **increase non-reimbursable fund** appropriation should be submitted to DBM on a [DA-28 form](#), with subobject level detail included on the second tab of the form. **Agencies should not input changes related to proposed or approved budget amendments into the FY 2020 working appropriation.** Rather, agencies will submit the change detail in a DA-28 form and their Office of Budget Analysis (OBA) analyst will add the change to BARS. Agencies may be asked to submit adjustment detail in BARS using the “Deficiency” adjustment type.

Requests for additional special or federal fund appropriation should also be included in a [DA-28 form](#), also due with the budget submission. The DA-28 form may be submitted to DBM early, but must be submitted no later than the budget submission or October 15, 2019, whichever comes first.

Note: DBM will process the statewide COLA/SLEOLA amendments early in the fiscal year and they will be reflected in the FY 2020 agency working appropriation.

Guidance for Current Year Appropriation Adjustments

Type of Adjustment	Include in FY 2020 Agency Working 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

*The OBA analyst will follow up with the agency to acquire line item detail for approved amendments.

Agencies with reorganizations should contact their OBA budget analyst to confirm how the budget will be realigned in accordance with the planned revision.

See [Section D.8](#) for more information.

Department of Information Technology (DoIT) Radio Allocation (0305)

With the exception of radios, telecommunications costs for services centrally managed by DoIT are no longer included in subobject 0305 – they have been wrapped into the DoIT Services Allocation (0876). **FY 2021 funding will match the FY 2020 legislative appropriation by fund for 0305 in BARS. The amount in 0305 is restricted and cannot be used for another purpose without the approval of DBM.** DoIT will develop FY 2021 estimated costs for radios this fall, and DBM will work with the DoIT to implement those changes during the budget closing process in December 2019. See [Section B.4](#) for additional detail.

DoIT Services Allocation (0876)

During the FY 2020 budget development process, DBM worked with DoIT to consolidate the various DoIT-related costs that agencies faced (for 0305 telecommunications other than radios, 0876 Google/GIS, and other Enterprise-related billings) into subobject 0876. Starting in FY 2020, DoIT will only be billing agencies for these exact amounts unless there is a separate established MOU outside of the Enterprise process to which both DoIT and an agency have mutually agreed.

The FY 2021 funding for 0876 in agency targets will match the FY 2020 legislative appropriation by fund in BARS. Agencies can realign this funding across their agency, but cannot change the total amounts by fund. DoIT will work with agencies during summer and fall of 2019 to update needed services, and DBM will work with DoIT to implement related changes during the budget closing process in December 2019.

Threshold for Reporting on Contractual Services and Grants

The threshold for reporting individual contracts (Object 08) and grants (Object 12) is \$50,000 instead of \$25,000.

Updating Fund Source Income and Balance Data (Special Funds and Federal Funds)

To ensure that DBM understands the effect of the budget request on fund balances, BARS enables users to enter opening balance data for FY 2019 as well as actual income for FY 2019 and estimated income for FY 2020 and FY 2021 for each individual fund source. With these four numbers, BARS can generate the balance, income, and expenditure summary information for each fund. As required by the legislature in the budget bill, DBM requests agencies do this for all special funds as well as relevant multi-year federal fund block grants. For federal funds, agencies should report balance as the remainder of spending authority on a multi-year grant, as federal funds do not technically have a “balance.”

This information is entered in the “Budget Request Submission” module where agencies can review the budget request in aggregate before submission to DBM. Please contact your OBA analyst with any questions about how to enter in this data.

- **Before final submission to DBM, agencies should review whether there are negative ending fund balances in any fiscal year – if there are, please contact your OBA analyst ahead of the submission to explain why.**
- **Special Fund beginning balances entered in BARS must match the figures in FMIS – DBM will compare the values against a report provided by GAD.**
- Agencies should keep in mind rules that govern various special funds when budgeting funds in FY 2021 and when reporting income and balances. Some special funds cannot carry a balance, and any remaining unspent revenue is reverted to the General Fund, while other special funds have percentage limits of what amount of revenue can be kept as fund balance for use in the next fiscal year.

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

General Guidance for Working in BARS

While DBM is providing some basic guidance and ideas for how to approach the budget request, we recognize each agency will complete the request in BARS differently. We are providing one possible approach below. We encourage you to share best practices as you work in the system so we can continue to refine and improve the guidance we provide over time.

Reconcile Positions

Even before the target and agency request is available in BARS, agencies can begin by ensuring that Workday data is up-to-date as much as possible, consulting reports in BARS that indicate where differences exist between the budget system and Workday. If there are differences between the two data sources, create a separate tracking spreadsheet to plan for the needed changes. These changes may include differences in location, class code and grade/step, and fund split. Agencies should also be tracking the differences in salaries and fringes between FY 2020 and FY 2021 and assess changes for the budget request. During the official “Position Reconciliation” process directed by DBM, agencies should go into BARS and begin using position adjustments to correct the position data.

Agencies can prorate fund splits across all positions within a given subprogram to simplify position revenue data consistent with expenditures in a given program or subprogram. This method has been found to be far easier than managing fund splits on a PIN-by-PIN basis within the budget system.

Update the Prior Year (PY) Actuals Data

As feasible, agencies should balance to the expenditure levels in FMIS displayed in the agency's DAFR 6000 and G200 reports. Agencies are encouraged to use this as a guide, but should understand that their Chief Financial Officer (CFO) or Budget Director will know best what the final numbers should look like from a budget perspective. Agencies should consult DBM if they believe they're off from what the General Accounting Division (GAD) has for the official DAFR 6000. For contractual positions (subobject 0220), contracts (Object 08), grants (Object 12), and non-DGS real estate (subobject 1303) agencies should prepare SD tab adjustments as noted below and instructed in this document.

Contractual Positions

Agencies should have a conceptualization of the FY 2019 Actual expenditures and personnel and begin making adjustments in the Contractuals SD against the rollover FY 2019 appropriation data to effectuate these changes. In addition, perform adjustments where necessary in FY 2021 to adjust for changes since the previous budget request. Agencies are not required to make changes to the Current Year. Contractual positions must be in a specific location rather than be co-located within an administrative unit, and must always maintain at least a 1.00:\$20,000 FTE-to-salary ratio.

Contracts/Grants

Agencies should also have a list of specific contracts and grants that constitute real-time tracking of contractual services provided to the agency. This data includes duration, total cost, description, an easily-identifiable name indicative of the purpose (not simply the vendor name), and how much it is expected to cost over the course of the contract. Agencies are required to provide descriptions of the contracts and grants that describe its purpose and utility. Begin by making adjustments in the Contracts/Grants SD tab against the rollover FY 2019 appropriation (for the FY 2019 Actuals). Continue by planning funding changes for existing contracts and assessing changes in the FY 2021 budget request versus FY 2020. Small agencies may be able to complete this process in one work item per fiscal year, while large agencies are encouraged to break down contracts into subsidiary units for both ease and performance in the system. Keep in mind anticipated fund split changes in both FY 2020 and FY 2021, and track differences against the target using resources provided by the budget system and DBM. **Please be mindful of using the appropriate object 08 subobject and do NOT use 0899 “Miscellaneous” unless absolutely necessary.**

Non-DGS Real Estate Leases

Similarly to the Contracts/Grants process, agencies should have accumulated a list of real estate leases that have a specific duration, total cost, description, name, and cost of the lease. Make the requisite adjustments in FY 2019 to reconcile to the Actuals, and make changes where necessary in FY 2021.

All Other Expenditures

Agencies should begin using the Expenditures tab to allocate funds against non-Personnel 01 subobjects, non-Contractual salary 02 subobjects, and Object 03, 04, 05, 06, 07 (including 0701), 09, 10, 11, non-lease 13, and 14 subobjects. Virtually all agencies should have spent the interim developing strategies for how to budget these expenditures and begin planning the adjustments of the existing budget system data to reflect the newly-intended data for the FY 2021 agency budget request. Agencies should be cognizant of inflation rates, effects of the rollover from the previous fiscal year, and all specific programming that is included in the rollover and necessary in order to fund the agency within the target for FY 2021.

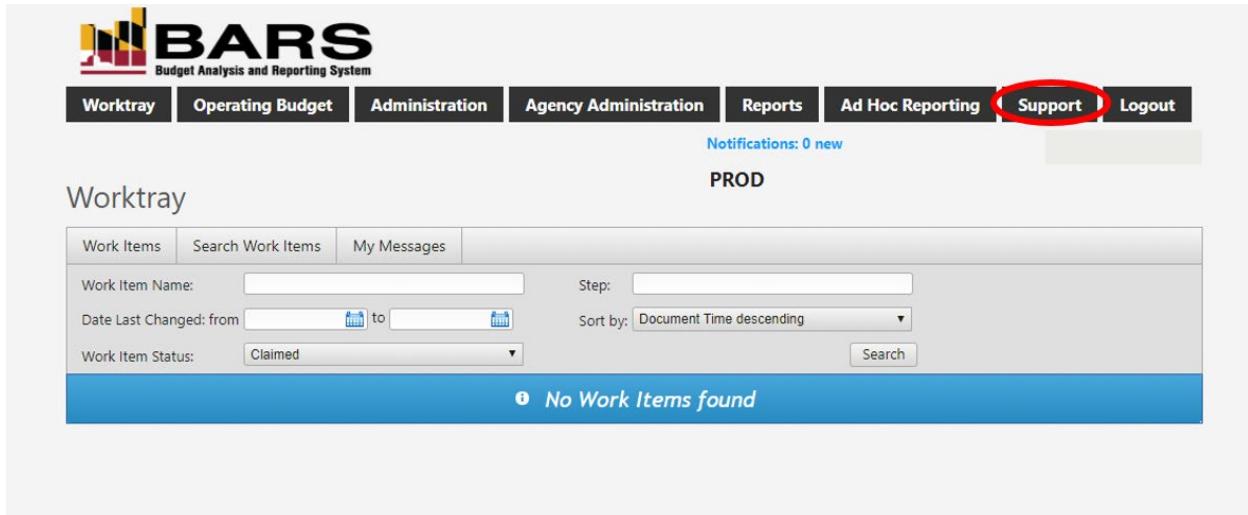
Use the Export/Import feature with formulas if you are more comfortable inputting whole numbers while working on the budget request instead of adjusted numbers.

- This can also help agencies quickly budget three year actuals or some other calculated budgeting methodology.
- The data uploaded into the “Expenditures” tab must reconcile to the SD tabs for contractual positions, contracts/grants, and non-DGS leases.
- For an example, see the exported BARS grid one the following page as well as the formula view of the same spreadsheet in [Section B.1](#).

Additional guidance can be found in [Section B.1](#).

Finding Guides in BARS

Guides will be available to agencies through BARS that will provide specific instruction on performing many operations within the budget system. These guides may be found under the “Support” button in BARS.



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.

Agencies should send an email to dlbudgethelp_dbm@maryland.gov and the OBA budget analyst to confirm the agency's submission of the FY 2021 budget request, and attach the following documents and forms in that message.

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>
<input type="checkbox"/>	Organizational Chart
<input type="checkbox"/>	DA-8: Motor Vehicle Operation & Maintenance
<input type="checkbox"/>	DA-27: Indirect Cost Recovery and Reversion Reporting
<input type="checkbox"/>	DA-28: Adjustment to Current Year Appropriation

↗ *DBM once again requires the submission of the DA-8 for vehicle requests and the DA-28 for adjustments to the Current Year appropriation. The DA-28 may be submitted early to DBM, but must be submitted no later than the budget submission or October 15, 2019, whichever comes first.*

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

↖ *Managing for Results has a separate submission deadline of September 6, and should be emailed to oba.mfr@maryland.gov and the OBA analyst by that date.*

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 25, 26	Budget submission requirements meetings
July 1	Fiscal Digest available on DBM website
Early July	Budget targets, including calculated salaries and fringe benefits, released to agencies in BARS
July – August 23	Agencies update personnel data through the Position Reconciliation exercise in BARS
July – August	Agencies prepare remainder of budget submission after completing the Position Reconciliation
August – October	Agencies review Prior Year 2019 Central Payroll Bureau Actuals and Position Control (POSCON) PIN counts
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	Veronica Moulis	Veronica.moulis1@maryland.gov	410-260-6184
DoIT Telecommunications	Russell Mueller	Russell.mueller@maryland.gov	410-697-9642
SEIF/State Agency Loan Program/Energy Performance Contracts	Carissa Ralbovsky	Carissa.ralbovsky@maryland.gov	410-260-6616
Vehicle Requests and DA-8 Forms	Kurt Stolzenbach	Kurt.stolzenbach@maryland.gov	410-260-7416
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	Carissa Ralbovsky	Carissa.ralbovsky@maryland.gov	410-260-6616