

B.8 CONTRACTUAL SERVICES – OBJECT 08

Contracts (Object 08)

The Contract/Grant Supporting Detail (SD) tab is required for each program or subprogram with budgeted contracts. **Agencies will be responsible for providing complete contract detail for each year for the Contract/Grant SD tab, including detailed descriptions that outline the purpose of the specific contract.** Where contracts are funded in various subprograms or with multiple fund types, there should be an entry for each funding component for each contract. Agencies are responsible for creating their own convention for reporting purchase orders (POs) in situations where there are overarching multi-year contracts from a vendor/grantee as well as single fiscal year contracts from the same vendor/grantee.

- Each contract greater than \$50,000 must be listed separately.
- Contracts less than \$50,000 must be included on one line (not listed separately) for each subprogram, selecting “Miscellaneous” or “Miscellaneous Contract” as the contract name. *These should be budgeted using the correct Comptroller subobject, and agencies should avoid budgeting any expenses in subobject 0899.*
- Agencies should provide a subtotal of actual, appropriation, and request amounts at the subobject level of detail for each subprogram.

The Contracts/Grants “upper grid” is a separate maintenance screen in BARS for the FY 2022 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.

For the FY 2022 budget request, the threshold for reporting individual contracts is \$50,000 instead of \$25,000.

The components of complex "lump sum" line-item requests should be detailed and justified, preferably using the description or comment fields in BARS, with rates and units of service for all components. Line-item requests for simpler amounts may also be justified using the comment field in BARS.

The justification for each contractual service line-item should explain how the request for each line-item was determined. Examples may include:

- Planned actual cost of the next year of an approved multi-year contract,
- Three-year average of expenditures plus inflation,
- Current contract plus inflation, or
- Projected rate times units of service.

Agencies are encouraged to use the “Comments” column where needed in order to provide this additional information.

It is strongly recommended that agencies use subobject 0899 only if there is no other appropriate subobject. Be prepared to explain the detail behind any items included in 0899.

Separate guidance on the technical elements of completing the Contract/Grant SD tab will be provided by DBM.

Department of Information Technology (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. DoIT will only bill 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 2022 funding for 0876 in agency targets will match the FY 2021 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 2020 to update needed services, and DBM will work with DoIT to implement related changes during the budget closing process in December 2019.

Interagency Agreements (0885)

All interagency agreements of \$50,000 or more must be reported in the Contract/Grant SD module in BARS. Agencies must use subobject 0885, “In-State Services – Other,” to budget expenditures related to interagency agreements. This subobject also may be used for agreements with local government entities.

DBM Billing for the SPS State Personnel System (0894)

Agencies supported by non-general funds will be billed for the operation and maintenance of the SPS State personnel system for the FY 2022 Allowance. These charges will be made for agencies using Comptroller Subobject 0894. 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.

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 2022 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.

✎ Agreements Between a State Agency and a Public Institution of Higher Education

Section 26 of the FY 2021 Budget Bill requires State agencies and public institutions of higher education to report to DBM by August 1, 2020 on any interagency agreements in place in FY 2019 between them **in which total expenditures exceeded \$100,000**. This detail must include the following components:

1. a common code for each interagency agreement that specifically identifies each agreement and the fiscal year in which the agreement began;
2. the starting date for each agreement;
3. the ending date for each agreement;

4. a total potential expenditure, or not-to-exceed dollar amount, for the services to be rendered over the term of the agreement by any public institution of higher education to any State agency;
5. a description of the nature of the goods and services to be provided;
6. the total number of personnel, both full- and part-time, associated with the agreement;
7. contact information for the agency and the public institution of higher education for the person(s) having direct oversight or knowledge of the agreement;
8. total indirect cost recovery or facilities and administrative (F&A) expenditures authorized for the agreement;
9. the indirect cost recovery or F&A rate for the agreement and brief description of how the rate was determined;
10. actual expenditures for the most recently closed fiscal year;
11. actual base expenditures that the indirect cost recovery or F&A rate may be applied against during the most recently closed fiscal year;
12. actual expenditures for indirect cost recovery or F&A for the most recently closed fiscal year; and
13. total authorized expenditures for any subaward(s) or subcontract(s) being used as part of the agreement and a brief description of the type of award or contract.

Section 26 also requires agencies and institutions to receive approval from the Secretary of DBM before entering into any new higher education agreements in FY 2020 **in which total expenditures may exceed \$500,000.**

For additional information on reporting requirements, please refer to the reporting requirements on the website, <https://dbm.maryland.gov/contracts/Pages/InteragencyAgreementReporting.aspx>. For additional information on the approval of contracts that exceed \$500,000, please refer to the website as well, <https://dbm.maryland.gov/contracts/Pages/InteragencyAgreementApprovals.aspx>.