

A.5 BUDGETING FOR OPERATIONS

A.5.1 TRAVEL - OBJECT 04

In-State Travel: Routine Operations (0401) and Conferences/Seminars/Training (0402)

Agencies should budget in-state travel expenditures in subobject 0401. These costs include tolls, parking fees, and the private mileage reimbursement rate of 58.0 cents per mile.

Note that the mileage reimbursement rate is tied to the Federal reimbursement rate and usually changes in January each year and is updated in the State travel regulations. The rate can change mid-year under extraordinary circumstances, and agencies will be notified during those instances. Meals may be reimbursed in accordance with State travel regulations at the following amounts:

Breakfast:	\$13.00
Lunch:	\$15.00
<u>Dinner:</u>	<u>\$28.00</u>
Maximum per day:	\$56.00

Please refer to the State travel regulations on the DBM website for further guidance:

<http://www.dbm.maryland.gov/Pages/TravelManagementServices.aspx>

A.5.2 FUEL AND UTILITIES – OBJECT 06

Calculations for fuel and utilities may reflect a historically-based usage projection multiplied by a rate or an FY 2021 actual adjusted by an inflation rate. The methodology used to calculate fuel and utilities requests should be explained in a line-item comment in the BARS adjustment. Agencies should include any necessary adjustments related to space utilization in the calculation.

- Reminder: No State agency may purchase electricity in the State’s competitive electricity market until DGS and the Maryland Energy Administration ensure that the purchase is consistent with the State’s strategy.

Inventory of Buildings: Agencies should use the line-item comment field in BARS to indicate the square footage of each building served by the fuel and utilities included in the FY 2023 budget request. This information should be specified on a line item basis for each of the buildings included under the particular subobject, following an example similar to “Gas heat/Electricity for X square feet for Field Office in Cumberland.”

University System of Maryland (USM) Institutions: Due to specific energy usage changes and needs specific to each institution, USM should utilize its own electricity and natural gas projections for FY 2023.

MES Charges: If an agency is working in a collaboration with the Maryland Environmental Service (MES) that may result in a facility being added to the MES reimbursable charges schedule, please inform the OBA analyst as well as Tom Jones at tom.jones2@maryland.gov as soon as possible.

Loan Repayment - Energy Conservation Project/State Agency Loan Program (0698): Agencies can find the schedule for EPCs and SALP as of May 2021 in Appendix 3. If an agency plans to initiate a new EPC and/or SALP loan, the amounts on the schedule should be increased. Agencies should provide an itemization of additions and subtractions in the comment field for the line item in BARS. The itemizations should clearly indicate how the request is derived and why it differs from the schedule. Questions should be directed to Carissa Ralbovsky at carissa.ralbovsky@maryland.gov.

A.5.3 MOTOR VEHICLE OPERATIONS AND MAINTENANCE – OBJECT 07

The budget process is the most appropriate method for requesting vehicles. Agencies are expected to include complete FY 2023 vehicle needs within the FY 2023 budget request.

Each agency should carefully consider the use of its motor vehicle fleet in terms of annual mileage and consistent use before submitting requests for replacement or additional vehicles. This fleet review should include an effort to downsize the fleet, especially for vehicles assigned to headquarters staff. Fleet analysis must include a review of field staff vehicle usage. From a cost savings standpoint, field staff currently traveling in private vehicles that generate excessively high mileage (10,000 miles annually), and consequently high privately owned vehicle (POV) reimbursements, are strong candidates for State motor vehicle assignments.

Agencies must submit the FY 2023 budget request for vehicles with a DA-8 form, which are in Excel format, described in additional detail later in this section.

Replacement Vehicles

An agency should determine whether all the vehicles in its fleet are essential to program operations. A concerted effort to downsize fleets will assist the overall budget process. All replacement vehicles will be budgeted and requisitioned by size and type. A vehicle may be considered for replacement if its mileage will exceed 100,000 miles by March 2023. However, 100,000 miles is only an indicator that the potential exists to replace a vehicle; it is not the benchmark used for approval. DBM will review each vehicle request on a case-by-case basis. Requests to replace vehicles with lower mileage must be justified.

Additional Vehicles

Additional vehicles should be requested only if:

- No existing vehicle can be reassigned to fill the need.
- The vehicle will be driven at least 10,000 miles per year.
- There is a cost savings (provide written justification).

Sport Utility Vehicles (SUVs) (does not apply to law enforcement agencies)

Agencies are required to include justification for each replacement and additional SUV request, using DBM's Fleet Administration Unit (FAU) criteria:

- Description of the primary purpose or use of the vehicle and the frequency of its use. *Incident weather is not a valid justification.*
- Detailed explanation of why existing agency SUV fleet cannot be realigned to meet the need.
- Detailed explanation proving that purchasing a smaller or alternative type of vehicle with options does not meet the needs of the agency.
- Detailed explanation demonstrating that the vehicle will be operated off-road more than 20% of the year.

Pricing

The price list for vehicles using regular and alternative fuel is located in Appendix 4. The price list provides estimated purchase prices to replace different types of vehicles. The prices must be adjusted by the estimated trade-in value of each vehicle, found in Appendix 5. Justification for any deviation in price and trade-in value from those provided in this table must be detailed using the comment field in BARS.

✎ In FY 2022, DBM is mandated by the Legislature to ensure that at least 25% of all eligible new vehicle purchases are fully electric vehicles (EVs). Agencies will receive additional separate guidance on requesting EVs in FY 2022 and FY 2023. All agencies should budget for gasoline-fueled vehicles in FY 2023 and indicate on the DA-8 Form whether those vehicles could be replaced as an EV.

DA-8 Detail Requirements

Each agency must fill out all sections of the DA-8 for replacement or additional vehicles for FY 2023, but not for prior year budgeted vehicles. The DA-8 must reflect the total amount for new vehicle purchases (0701 or similar subobject) by subprogram by fund type.

Agencies must choose between the following options in the “Vehicle Category” column:

Sedans	Rail
LTVs	Buses
Watercraft	Heavy Trucks
Aircraft	Misc./Other

All new and replacement sedans, if approved, will be the Type 1-Standard State Sedan unless adequate justification is provided for a different type of vehicle.

Agencies must also choose between the following options in the “Alternative Fuel” column:

None	Hybrid
CNG	Ethanol
Flex	Electric

Each agency also should include the following information in the comment field:

- Explanation of why low-mileage replacement vehicles should be considered for approval (damaged beyond economical repair, will incur extraordinary maintenance costs, etc.).
- Reason that vehicles are being replaced with a different vehicle type.
- Reason a fully electric or hybrid vehicle was not selected

Agencies, such as the Maryland Department of Transportation and the Department of Natural Resources, that apply “add-on” characteristics to vehicles must use the Add-On Value and Comment column in the Vehicles tab to indicate the price and detail for those purchases.

✎ Four new fields are also located within the DA-8 and required with the vehicle request submission: Electric Vehicle Requested (Y/N), Daytime Location, Nighttime Location, and Does Parking Location have 24/7 public access?.

A.5.4 CONTRACTUAL SERVICES – OBJECT 08

Contracts (Object 08)

Agencies are responsible for providing complete contract detail for each year with the agency budget submission, 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.

For the FY 2023 budget request, the threshold for reporting individual contracts is \$50,000.

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

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.

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.

Agencies are encouraged to provide this additional information whenever needed. 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 2023 funding for 0876 in agency targets will match the FY 2022 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 2021 to update needed services.

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

Section 29 of the FY 2022 Budget Bill (HB 588) requires State agencies and public institutions of higher education to report to DBM by August 1, 2021 on any interagency agreements in place for any part of FY 2021 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 29 also requires agencies and institutions to receive approval from the Secretary of DBM before entering into any new higher education agreements in FY 2022 **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>.

A.5.5 SUPPLIES AND EQUIPMENT – OBJECTS 09, 10, and 11

Supplies and Materials (Object 09)

Please refer to the Department of General Services website for statewide contracts for agency supplies at <http://dgs.maryland.gov/Pages/Procurement/BidsAwards.aspx>. For food and supplies for food preparation, select the “Food (Related)” category.

The justification for the agency's food requests should be presented using descriptions or comments in the budget request submission. Generally, the justification reflects the number of people served, multiplied by number of meals per day, multiplied by the number of days. In addition, the cost of the meals should be justified.

Equipment: Replacement and Additional (Object 10: Replacement; Object 11: Additional)

Requests for replacement and additional equipment should be itemized and justified using the comment field in BARS with a brief explanation. According to State law, agencies shall purchase equipment and furniture from Maryland Correctional Enterprises whenever possible, found at <https://mce.md.gov/Products.aspx>.

Another alternative is to use statewide contracts for equipment. Please refer to the Department of General Services website for furniture and equipment. The category of note would be “Office Equipment and Furniture,” at <http://dgs.maryland.gov/Pages/Procurement/BidsAwards.aspx>.

The Department of Information Technology has master contracts for computer equipment, found at <http://doit.maryland.gov/contracts/Pages/HWMasterContractHomepage.aspx>. In addition, see Appendix 8 for more information regarding computer equipment prices as well as information on the technical definitions of various Comptroller Objects.

A.5.6 GRANTS, SUBSIDIES, CONTRIBUTIONS – OBJECT 12

Each agency is required to provide detail on funds granted by the agency to other entities. **For the FY 2023 budget request, the threshold for reporting individual grants is \$50,000.** If there are multiple contracts within a single grant line that sum to greater than \$50,000, these grants may be logged as “Miscellaneous Grant” consistent with prior year submissions and other DBM guidance.

For each grant, provide an update to existing FY 2021 appropriation data for the FY 2021 Agency Actuals, and any FY 2023 funding requested for the same grantee. If grants will be awarded on a competitive basis and the expected grantee is unknown at this time, please list “TBA” in the column for Name and Location of Grantee or Vendor. If a grantee receives multiple awards for different services or purposes, please list each award separately by subprogram. Agencies should also restrict any use of “Miscellaneous Grant” detail within an unspecified Comptroller Subobject 1299 line.

A.5.7 FIXED CHARGES – OBJECT 13 (REAL PROPERTY LEASES)

Non-DGS Rent (1301)

Subobject 1301 must be used for private lease agreements in which rental payments are not paid to the Department of General Services (DGS). Agencies should budget for the entire rental amount in accordance with the terms negotiated by DGS. **Agencies are encouraged to schedule a review of private lease agreements with the DGS Lease Management Division prior to submitting the FY 2023 budget proposal to assure that the lease data is still valid.** For further information, contact:

Kimberly White
 DGS Division of Lease Management and Procurement
 Room 601, 300 W. Preston Street
 Baltimore, MD 21201
 410-767-4516
kimberly.white1@maryland.gov

NOTE: Garage space rental must appear as subobject 0705 unless the entire garage or parking lot is being leased or such spaces are included in the building lease.

Insurance Premiums

The following subobjects must be used for budgeting insurance premiums. Specific questions regarding premiums should be directed to the State Treasurer’s Office (STO) at 410-260-7684.

Rent Paid to DGS (1303)

Subobject 1303 is restricted and must be used for rental payments made to DGS. The lease schedules (Appendix 9) should be used to budget for the three components that comprise this subobject as follows:

↳ **Appendix 9 lists the total DGS rent charges that should be budgeted in subobject 1303 by agency.**

1. Rental Payments to DGS for State-Owned Property: Agencies funded only with General Funds and occupying space in buildings operated by DGS do not pay rent and should not budget for rent for this purpose. Agencies funded with any portion of Special or Federal Funds that occupy space in buildings operated by DGS are required to pay rent to DGS based on the percentage of space occupied by special or federal fund positions. Agencies paying rent to DGS should budget the entire amount in subobject 1303. Agencies with legislative space will be billed at the full reimbursement rate regardless of whether the agency utilizes general funds or other agency funds. **See Appendix 9 – State-owned Property Lease Schedule for FY 2023 charges. Please contact your DBM budget analyst by August 7, 2021 if there are any projected changes to your square footage needs. DBM will make any needed adjustments in the FY 2023 Governor’s Allowance.**
2. Lease Oversight Charges: Charges are based on the number of leases and square footage per agency administered by the DGS Lease Management Division. Agencies should budget for lease

oversight charges in accordance with the schedule in Appendix 9. DBM will make appropriate adjustments in the FY 2023 Governor's Allowance.

3. Reimbursable Leases: The reimbursable lease schedule covers debt service and operating costs of buildings owned by local jurisdictions that the State will acquire once bond obligations have been satisfied. Agencies should budget for reimbursable leases in accordance with the lease schedule in Appendix 9.

A.5.8 LAND AND STRUCTURES – OBJECT 14 (OPERATING MAINTENANCE)

Agency Maintenance

An agency's ongoing, preventive maintenance should be reported and requested in the agency's budget submission under the appropriate subobject code. Higher education institutions should include all facility-related projects in their budget requests since these projects and funds are not administered by DGS.

DGS Administered Maintenance

Operating maintenance projects administered with DGS funding should not be included in an agency's budget request submission. Additionally, the budget submission should exclude any funding for general-funded capital projects.

All agency operating maintenance needs should be coordinated directly with DGS prior to the submission. All new or additional operating maintenance projects to be considered for funding should be sent directly to DGS at the address below. Your assigned DBM budget analyst should be made aware of any submissions. DGS will send packets out to agencies for project justifications in November, at which time agencies are required to review all of their previously submitted projects.

If you have any questions, please contact:

Courtney League
Chief, Facilities Engineering
Department of General Services
301 W. Preston Street, Room 1405
Baltimore, MD 21201
410-767-5516
Courtney.League@maryland.gov

PAYGO Capital Projects

PAYGO capital appropriations fund projects that are paid for with General, Special, and Federal Funds as part of an agency's operating budget. Make sure that PAYGO operating submissions match your capital budget submission to the DBM Office of Capital Budgeting. Do **NOT** allocate General Obligation Bond funding in the FY 2022 operating budget request. **Funding for PAYGO projects should not be budgeted in operating programs. It should be budgeted in the applicable PAYGO (capital) program within your agency.**

Subprogram Reporting

When multiple **PAYGO** capital projects are budgeted in the same eight-digit **non-transportation** program, each project is to be budgeted in a separate subprogram, including projects that may be added in the FY 2023 allowance. If a project spans more than one reporting year, the same subprogram should be used across all years for comparison purposes.

Agencies should work with their budget analyst to identify subprograms for **new PAYGO capital projects** to be added in FY 2023. One example of a designated PAYGO program having more than one capital project, each budgeted in its own subprogram, is D55P00.04, Department of Veterans

Affairs, Cemetery Program/Capital Appropriation. This program was broken down into five separate subprograms, each representing different cemetery projects at separate locations.

The following programs have had more than one project in prior year budgets, and meet the stated reporting protocol:

<u>Department</u>	<u>Programs</u>
Maryland Energy Administration	D13A13.02, D13A13.03
Department of Planning	D40W01.11
Military Department	D50H01.04
Department of Veterans Affairs	D55P00.04
Department of Natural Resources	K00A05.10, K00A14.01
Department of Agriculture	L00A11.11, L00A12.13
Interagency Commission on School Construction	R00A07.02
Maryland Higher Education Commission	R62100.47
Department of Housing and Community Development	S00A24.02, S00A25.07, S00A25.08, S00A25.09, S00A25.15
Department of the Environment	U00A01.03, U00A01.04, U00A01.05, U00A01.11, U00A01.12, U00A01.14, U00A01.15

If you need additional guidance, contact your DBM analyst or Kurt Stolzenbach at 410-260-7416.