



DEPARTMENT OF BUDGET & MANAGEMENT
OFFICE OF BUDGET ANALYSIS

Section A: Budget Development

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JULY 2021

A.1 - FY 2023 STANDARD RATES AND CALCULATIONS BY COMPTROLLER OBJECT

The table that follows contains a list of the R*STARS Comptroller Objects to be used in the preparation of the FY 2023 budget.

AGENCIES MUST USE R*STARS SUBOBJECTS IN ALL COMPUTERIZED AND HARD COPY DETAIL SUBMITTED TO ITEMIZE OR JUSTIFY THE BUDGET UNLESS PERMISSION HAS BEEN OBTAINED TO USE AGENCY OBJECTS.

If agency object codes are used in the budget, agencies should be sure to update the conversion tables that show the corresponding Comptroller Object. Submit these conversion tables to Veronica Moulis (Veronica.moulis1@maryland.gov) as soon as possible. An informational copy should also be sent to your assigned DBM budget analyst.

R*STARS

Comptroller <u>Object</u>	<u>Title of Comptroller Object</u>	<u>Rates Assumption/ Basis for Calculation</u>
Object .01 Salaries and Wages		
0101	Regular Earnings	Use values that result from Salary Forecast process
0102	Additional Assistance	Includes related salary and social security costs.
0104	Overtime Earnings	Includes related salary and social security costs.
0105	Shift Differential	Includes related salary and social security costs.
0110	Miscellaneous Adjustments	Includes related salary and social security costs.
0111	Accrued Leave Payout	Includes related salary and social security costs.
0112	Reclassification	Includes related salary, social security, retirement, unemployment, and turnover adj.
0120	Student Payments (USM only)	
0125	COVID-19 Personnel Expenditures	Salary and fringe expenditures associated with position funding supported by COVID-19 federal relief funds
0151	Social Security Contributions	7.34% to \$157,033 + 1.45% of excess (see Section A.2)
0152	Health Insurance	Same as FY 2022 appropriation
0153	Health Insurance-Special Subsidies	Zero growth rate
0154	Retirees Health Insurance Premiums	Same as FY 2022 appropriation
0155	Sick Leave Incentive Program	Do Not Budget in FY 2023
0156	VSP Payments (FY 2011 only)	Do Not Budget in FY 2023
0157	Other Post Employment Benefits	Do Not Budget in FY 2023
0160	Early Retirement Surcharge	Do Not Budget in FY 2023
0161	Employees' Retirement System (A62 not used)	21.18% of Regular Earnings 0101 (employees in the Employee's Retirement System)
0162	Employees' Pension System	Do Not Budget in FY 2023
0163	Teachers' Retirement System (A64 not used)	15.36% of Regular Earnings 0101 (employees in the Teacher's Retirement System)
0164	Teachers' Pension System	Do Not Budget in FY 2023
0165	State Police Retirement System	76.19% of Regular Earnings 0101 (employees in the State Police Retirement System)
0166	Judges' Pension System	41.92% of Regular Earnings 0101 (employees in the Judges' Pension System)
0167	Mass Transit Administration Pension System	Rate to be determined by MDOT
0168	Optional Retirement/Pension System (TIAA)	7.25% of Regular Earnings 0101 (employees in the TIAA Retirement System)
0169	Law Enforcement Officers' Pension System	43.76% of Regular Earnings 0101 (employees in the SLEOLA Retirement System)
0170	Other Retirement Systems	
0171	Other Pension Systems	
0172	Deferred Compensation Match	Do Not Budget in FY 2023
0174	Unemployment Compensation	28¢ / \$100 of payroll
0175	Workers' Compensation	Same as FY 2022 appropriation
0176	Workers' Compensation Reserve Fund	
0181	Tuition Waivers	Higher Education Institutions Only -as determined by governing boards
0182	Employee Transit Expenses	
0189	Turnover Expectancy	Turnover rate is calculated as 0189/(0101+0151+Retirement+0174)
0192	DBM Adjustment	Do Not Budget in FY 2023
0193	Health Savings	Do Not Budget in FY 2023
0194	Section 40 Retirement Benefits	Do Not Budget in FY 2023
0195	Section 40 COLA	Do Not Budget in FY 2023
0199	Other Fringe Benefit Costs	
Object .02 Technical and Special Fees		
0201	Honorariums	
0202	Per Diem Payments	
0203	Clerical/Secretarial Support	
0204	Legal Service Support	
0205	Medical Service Support	
0206	Religious Service Support	
0207	Social Service Support	

A.1 - FY 2023 STANDARD RATES AND CALCULATIONS BY COMPTROLLER OBJECT

R*STARS

Comptroller

<u>Object</u>	<u>Title of Comptroller Object</u>	<u>Rates Assumption/ Basis for Calculation</u>
0208	Training and Staff Development	
0209	Administrative/Management Services Support	
0210	Patient and Student Payments	
0211	Employee Awards	
0212	Athletic Services Support	
0213	Social Security Contributions	7.65% to \$150,759 + 1.45% of excess
0214	Unemployment Compensation	28¢ / \$100 of payroll
0216	Royalty Payments	
0217	Contractual Health Insurance	Same as FY 2022 appropriation
0220	Special Payments Payroll	
0221	Prizes and Awards to Non-Employees	
0289	Contractual Turnover Expectancy	
0299	Other Technical and Special Fees	

Object .03 Communications

0301	Postage	1st Class/Standard Letter 55¢
0302	Telephone	Billed directly by vendors; Same as FY 2021 Actuals for PBX/Centrex if independent
0303	Telecommunications	Billed directly by vendors; Same as FY 2021 Actuals for PBX/Centrex if independent
0304	Misc. Communications Charges	Billed directly by vendors; Same as FY 2021 Actuals for PBX/Centrex if independent
0305	DBM Paid Telecommunications	Same as FY 2022 appropriation
0306	Cell Phone Expenditures	Includes all cellular phones, personal data assistants (PDAs), and tablets
0322	Capital Lease(s) (Telecommunications)	Same as FY 2022 appropriation
0395	Corporate Purchasing Card	
0397	Paycheck Postage Costs	

Object .04 Travel

0401	In State/Routine Operations	Includes tolls, parking fees, and private mileage reimbursement
0402	In State/Conferences/Seminars/Training	Includes conference fees, necessary hotels, and other in-state travel costs not in 0401
0403	Out-of-State/Routine Operations	Please refer to State travel regulations for out-of-State reimbursement amounts
0404	Out-of-State/Conferences/Seminars/Training	
0495	Corporate Purchasing Card	Do Not Budget in FY 2023

Private Vehicle Mileage

58.0¢ per mile (*This rate will be adjusted after the federal government sets its mileage reimbursement rate.*)

Meal Allowances	State Employees & Non-Paid Board
Breakfast	\$13.00
Lunch	\$15.00
Dinner	\$28.00
Per Day Maximum	\$56.00

Object .06 Fuel and Utilities

0601	Fuel - Alcohol	
0602	Fuel - Coal	
0603	Fuel - Oil #2	Justify any increase using a line item comment in BARS
0604	Fuel - Oil #3	Justify any increase using a line item comment in BARS
0605	Fuel - Oil #6	Justify any increase using a line item comment in BARS
0606	Fuel - Natural Gas/Propane	equal to FY 2020 actual expenditures
0607	Fuel - Wood	
0608	Fuel - Steam	
0619	Fuel - Miscellaneous	
0620	Utilities - Electricity	equal to FY 2020 actual expenditures
0621	Utilities - Water/Sewage	
0622	Utilities - Combined Utility Purchases	
0695	Corporate Purchasing Card	
0697	MES Charges	Same as FY 2022 appropriation
0698	Loan Repayment- Energy Conservation	Amount listed in schedule in <u>Appendix 3</u>
0699	Utilities - Miscellaneous	

A.1 - FY 2023 STANDARD RATES AND CALCULATIONS BY COMPTROLLER OBJECT

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<u>Comptroller Object</u>	<u>Title of Comptroller Object</u>	<u>Rates Assumption/ Basis for Calculation</u>
Object .07 Motor Vehicle Operations and Maintenance		
Cars, Station Wagons, Carryalls and Vans		
0701 Purchase Cost or Lease Cost		See Equipment List in Appendix 4
0702 Gas and Oil		Passenger Vehicles 14.0¢/mile Light Trucks & Vans 18.5¢/mile
0703 Maintenance and Repair		Passenger Vehicles 10.5¢/mile Light Trucks & Vans 12.5¢/mile
0704 Insurance		See schedule in Appendix 6
0705 Garage Rent - Areas served by mass transit		NTE 1 to 3 ratio of spaces to employees
- Areas not served by mass transit		NTE 1 to 2 ratio of spaces to employees
Aircraft		
0710 Purchase Cost or Lease Cost		
0711 Gas and Oil		
0712 Maintenance and Repair		
0713 Insurance		
0714 Hangar Rental/Landing Fees		
Watercraft		
0720 Purchase Cost or Lease Cost		
0721 Gas and Oil		
0722 Maintenance and Repair		
0723 Insurance		
0724 Boat Slip Rental/Launching Fees		
Other Land Vehicles		
0730 Purchase Cost or Lease Cost		
0731 Gas and Oil		
0732 Maintenance and Repair		
0733 Insurance		
0734 Garage or Storage Space Rental		
0789 Vehicle Commuter Charge		See schedule in Appendix 5
0795 Corporate Purchasing Card		
0799 Other Motor Vehicle Charges		
Object .08 Contractual Services		
0801 Advertising & Legal Publication		
0803 Architects		
0804 Printing/Reproduction		
0805 Bookbinding/Photographic		
0806 Microfilming		
0807 Engineers		
0808 Equipment Rental (Other than Data Processing)		
0809 Equipment Repairs and Maintenance		
0810 Extermination		
0811 Food Services		
0812 Building/Road Repairs and Maintenance		
0813 Janitorial Services		
0814 Grounds Maintenance		
0815 Laundry		Correctional Laundry 55.0¢ per pound
0816 Housekeeping		
0817 Legal Services		
0818 Purchase of Care Services		
0819 Education/Training Contracts		
0820 Medical Care (Physicians Dental, Etc.)		
0821 Management Studies and Consultants		
0822 Hospital Care		
0823 Security Services		
0824 Laboratory Services		
0825 Veterinarian		
0826 Freight and Delivery		

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Comptroller

<u>Object</u>	<u>Title of Comptroller Object</u>	<u>Rates Assumption/ Basis for Calculation</u>
0827	Trash and Garbage Removal	
0828	Office Assistance	
0829	Fiscal Service	
0830	Medical Assistance Reimbursements	
0831	Administrative Hearings	Same as FY 2022 appropriation
0832	Education & Training Reimbursement - Job Related	
0834	Sign Language Interpreter Services	
0833	eMaryland Marketplace	Same as FY 2022 appropriation
0835	Administrative Allocations	
0836	Human Services - Other Fee-for-Service	
0838	Other Human Services	
0839	Human Resources Shared Services Allocation	Same as FY 2022 appropriation
0841	Data Processing Central Processing Unit & Consoles	
0843	Communications Controllers	
0844	Magnetic Tape Devices	
0845	Direct Access Storage Devices (DASD)	
0848	Terminal Teleprocessing Equipment	
0849	Telecommunications Lines, Modems, Controllers, etc.	
0850	Peripheral Equipment- Printers, Terminals, etc.	
0852	Data Entry Devices	
0854	Computer Maintenance Contracts	
0857	Other Data Processing Hardware	
0858	Software Licenses	
0861	Applications Software (Acquisition)	
0862	Applications Software (Maintenance)	
0863	Systems Software (Acquisition)	
0864	Systems Software (Maintenance)	
0865	Outside Services-Systems Analysis and Design	
0866	Outside Services-Programming	
0867	Outside Services-Data Entry	
0868	Outside Services-D/P Training	
0869	Outside Services-Computer Usage	
0872	Outside Services - Consulting Services	
0873	Outside Services - Other	
0874	Office of the Attorney General - administrative fee	Same as FY 2022 appropriation
0875	Retirement - administrative fee	Same as FY 2022 appropriation
0876	DoIT services allocation	Same as FY 2022 appropriation
0878	In State Services-Systems Analysis and Design	
0879	In State Services-Programming	
0880	In State Services-Data Entry	
0881	In State Services-D/P Training	
0882	In State Services-Computer Usage - ADC ONLY	Same as FY 2022 appropriation
0883	In State Services-Tape Maintenance	
0885	In State Services-Other	Agencies must use 0885 to budget expenditures related to interagency agreements or agreements with local government entities
0886	In State Services-Computer Usage-Other than ADC	
0890	Data Processing-Microfilming/Microfiching	
0891	Data Processing-Freight	
0892	Data Processing-Academic/Research	
0893	Data Processing-Administrative	
0894	Statewide Personnel System Allocation	Same as FY 2022 appropriation
0895	Corporate Purchasing Card	
0897	Enterprise Budgeting System Allocation	Same as FY 2022 appropriation
0898	Data Processing-Other Contractual Services-DP	
0899	Other Contractual Services Non-DP	Agencies should endeavor to avoid use and ensure contract detail in BARS is updated to reflect any "Miscellaneous Contracts" over \$50,000

Object .09 Supplies and Materials

0901 Agriculture

A.1 - FY 2023 STANDARD RATES AND CALCULATIONS BY COMPTROLLER OBJECT

R*STARS

Comptroller	<u>Object</u>	<u>Title of Comptroller Object</u>	<u>Rates Assumption/ Basis for Calculation</u>
0902		Office Supplies	
0903		Audio Visual	
0904		Building and Household	
0905		Cosmetic	
0906		Laboratory	
0907		Dietary	
0908		Housekeeping	
0909		Medical	
0910		Laundry	
0911		Medicine, Drugs and Chemicals	
0912		Wearing Apparel-Uniforms Employees	
0913		Wearing Apparel-Uniforms Clients (Patients, Prisoners)	
0914		Instructional Supplies	
0915		Library Supplies	
0916		Recreational Supplies	
0917		Small Tools	
0918		Veterinary	
0919		Tobacco	
0920		Food - Raw Food Costs: includes regular meals, special diets, gratuitous meals	
0921		Data Processing Computer Forms	
0926		Data Processing Supplies	
0930		Microcomputer Packaged Applications Software	
0932		Microcomputer Operating Systems Software	
0933		Software Upgrades	
0951		Items for Resale	
0990		Data Processing-Academic/Research	
0991		Data Processing-Administrative	
0995		Corporate Purchasing Card	
0998		Data Processing Other Materials	
0999		Other Supplies and Materials	

Object .10 Equipment Replacement

1001	Agricultural Equipment
1002	Audio-Visual Equipment
1003	Cleaning Equipment
1004	Dental Equipment
1005	Dietary Equipment
1006	Duplicating Equipment
1007	Educational Equipment
1008	Household Equipment
1009	Human Environmental Equipment
1010	Laboratory Equipment
1011	Laundry Equipment
1012	Livestock
1013	Maintenance and Building Equipment
1014	Medical Equipment
1015	Office Equipment
1016	Power Plant Equipment
1017	Recreational Equipment
1018	Veterinary Equipment
1019	Radios and Electronic Equipment
1021	Capital Lease(s)- Payment(s) to Treasurer (Non-DP)
1022	Capital Lease(s) (Non-DP)
1023	Operating Lease(s) (Non-DP)
1024	Installment Payment(s) to Treasurer (Non-DP, Non-Capital)
1031	Data Processing Equipment-Mainframe
1032	Data Processing Equipment-Minicomputer
1033	Data Processing Equipment-Microcomputer
1034	Data Processing Equipment-Workstations
1035	Data Processing Equipment-Imaging Systems
1036	Data Processing Equipment-Peripherals

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Comptroller

<u>Object</u>	<u>Title of Comptroller Object</u>	<u>Rates Assumption/ Basis for Calculation</u>
1041	Capital Lease(s)- Payment(s) to Treasurer (DP)	
1042	Capital Lease(s) (DP)	
1043	Operating Lease(s) (DP)	
1044	Installment Payment(s) to Treasurer (DP, Non-Capital)	
1090	Data Processing-Academic/Research	
1091	Data Processing-Administrative	
1095	Corporate Purchasing Card	
1099	Other Equipment	

Object .11 Equipment Additional

1101	Agricultural Equipment
1102	Audio-Visual Equipment
1103	Cleaning Equipment
1104	Dental Equipment
1105	Dietary Equipment
1106	Duplicating Equipment
1107	Educational Equipment
1108	Household Equipment
1109	Human Environmental Equipment
1110	Laboratory Equipment
1111	Laundry Equipment
1112	Livestock
1113	Maintenance and Building Equipment
1114	Medical Equipment
1115	Office Equipment
1116	Power Plant Equipment
1117	Recreational Equipment
1118	Veterinary Equipment
1119	Radios and Electronic Equipment
1121	Capital Lease(s)- Payment(s) to Treasurer (Non-DP)
1122	Capital Lease(s) (Non-DP)
1123	Operating Lease(s) (Non-DP)
1124	Installment Payment(s) to Treasurer (Non-DP, Non-Capital)
1131	Data Processing Equipment-Mainframe
1132	Data Processing Equipment-Minicomputer
1133	Data Processing Equipment-Microcomputer
1134	Data Processing Equipment-Workstations
1135	Data Processing Equipment-Imaging Systems
1136	Data Processing Equipment-Peripherals and Hardware Upgrades
1141	Capital Lease(s)- Payment(s) to Treasurer (DP)
1142	Capital Lease(s) (DP)
1143	Operating Lease(s) (DP)
1144	Installment Payment(s) to Treasurer(DP, Non-Capital)
1190	Data Processing-Academic/Research
1191	Data Processing-Administrative
1195	Corporate Purchasing Card
1199	Other Equipment

Object .12 Grants, Subsidies, and Contributions

1201	Social Security Contributions-Grants
1202	Aid to Political Subdivisions
1203	Health and Insurance Grants
1204	Educational Grants
1205	Inmate Payments
1206	Grants to Other St. Gov't. Prog./Agen.
1207	Grants to Non-Governmental Entities
1208	Statewide Cost Allocation
1209	Employees' Retirement System Grants
1210	Employees' Pension System Grants
1211	Teachers' Retirement System Grants
1212	Teachers' Pension System Grants

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Comptroller

<u>Object</u>	<u>Title of Comptroller Object</u>	<u>Rates Assumption/ Basis for Calculation</u>
1213	Optional Retirement System (TIAA) Grants	
1214	Public Assistance Payments	
1295	Corporate Purchasing Card	
1296	Grants for Subsidized Rents	
1297	Grants to Health Providers	
1298	Taxable Grants, Contributions and Subsidies	
1299	Other Grants, Subsidies and Contributions	Agencies should endeavor to avoid use and ensure grant detail in BARS is updated to reflect any "Miscellaneous Grants" over \$50,000

Object .13 Fixed Charges

1301	Rent (non-DGS)	
1302	Insurance Coverage Paid to STO	See schedule in Appendix 6
1303	Rent Paid to DGS	See schedules in Appendix 9
1304	Subscriptions	
1305	Association Dues	
1306	Bond Payments	
1307	Interest	
1308	Licenses	
1309	Insurance (Non STO Payments)	Insurance coverage payments <u>not</u> paid to the State Treasurer's Office
1310	Interest on Late Payments	
1311	Interest on Treasury Cash Overdrafts	
1312	Interest on Treasury Deposits	
1320	Bad Debt Expense	
1395	Corporate Purchasing Card	
1399	Other	

Object .14 Land and Structures

1401	Land	
1402	Land Improvements-Existing Facilities	
1410	Buildings Construction-New Facilities	
1411	Buildings-Purchase/Trade	
1412	Buildings-Demolition	
1413	Buildings-Fixed Equipment	
1414	Buildings-Professional Fees	
1415	Buildings, Additions, and Other Major Improvements	
1416	Utilities Extension	
1430	Improvements Other Than Bldgs-Highway Construction	
1431	Improvements Other Than Bldgs-Roads, Sidewalks and Parking Areas	
1432	Improvements Other Than Bldgs-Water Construction	
1433	Loans to Private/Non-profit Individuals/Organizations	
1440	Roof Repair/Replacement	
1441	Building Exteriors	
1442	Building Interiors	
1443	Water	
1444	Heating	
1445	Power Lines	
1446	Security Alarm Systems	
1447	Road Repair Services	
1448	Ground Maintenance	
1449	Sheds, Gas & Oil Storage tanks	
1481	Easement Acquisitions	
1495	Corporate Purchasing Card	
1498	Statewide Critical Maintenance Program (DGS Administered)	Reserved for statewide operating maintenance projects that are administered by DGS
1499	Other Land and Structures	

A.2 BUDGET DEVELOPMENT GUIDANCE

The State of Maryland uses a current services budget (CSB) process. DBM begins with a base of the previous year's budget, then adjusts that base for certain known changes, creating CSB targets for agencies. Agencies must carefully consider their targets and determine what action is needed to submit a budget within the target.

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). For FY 2023, DBM has removed all COVID-19 federal relief funds from agency targets.
- 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 subprogram or fund source to ensure that the funding stays in the mandated location.

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 A.1 for a list of subobjects and guidance on each.

General Considerations

Agencies should answer the following questions before beginning to build their budget:

- Are any new facilities becoming operational and therefore increasing operating costs?
- Are there required rate changes from the federal government, service providers, or DBM?
- Are there any approved salary adjustments?
- Are there other budget drivers that should be considered?
- If the agency budget is dependent on a caseload forecast, how will that forecast change in the coming fiscal period?
- Are there any new or changed funding mandates that were not reflected in the target?

Strategies

Averages: When determining the budget for some subobjects, it may make sense to budget the average of the last three completed fiscal years. Averages should be applied to recurring expenditures that are not “controlled subobjects.” (See page 2 of this section for a description of controlled subobjects). For example, if the number of inspections an agency conducts stays the same each year, the travel costs related to these inspections may be relatively stable, depending upon fuel costs. Using the average of the last three years may allow for a stable funding level that changes marginally to reflect actual travel costs.

Most Recent Year Actuals: In some cases, it may be more appropriate to budget the same amount as was spent in the most recently closed fiscal year. Using the most recent actual expenditures is particularly valuable if the agency recently began a new program and does not have enough data or experience to fully predict the potential expenditures. Over time, the agency should be able to better determine which budgeting strategy is appropriate.

Inflationary Factor: In some cases, such as when calculating expenditures that are consumer-based, it makes sense to inflate the previous year's budget. In general, the State uses the Implicit Price Deflator for State and Local Expenditures. Additional information on the implicit price deflator can be found [at this link](#). Next, select *Section 1 – Domestic Product and Income* and then select *Table 1.1.9 Implicit Price Deflators for Gross Domestic Product (A) (Q)*. Scroll down to Line 26 to find the State and local expenditures.

Specific Commitments: In some cases, there are discrete additional charges that the agency may include for specific commitments. These are often one-time expenditures for new equipment or expenditures related to a new initiative. The agency may budget these within the target, reducing in other areas if necessary. This should include contracts that are multi-year commitments.

Building Blocks of the Budget



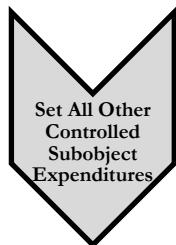
Set Staffing Levels and Salaries for Permanent Positions

- Budget the number of employees the agency will need in order to achieve the goals of the upcoming fiscal period and set the salaries for these employees using the subobject 0101 target set during the Position Reconciliation exercise. New positions must be submitted as over-the-target requests.
- Budget the health and pension benefits and turnover rate that relate to the positions budgeted above.
- The most important subobjects for the agency for this step are 0101, 0112, 0125, 0151, 0152, 0154, 0161, 0169, 0174, and 0189.



Set Staffing Levels and Salaries for Contractual Positions

- Budget the number of contractual employees the agency will need in order to achieve the goals and objectives of the upcoming fiscal period and set the salaries for those contractuels. Be diligent about ending contractual positions that are no longer necessary.
- The most important subobjects for the agency for this step are 0220, 0213, 0214, 0217, and 0289.
- The State provides health insurance for certain contractual employees, level fund from FY 2022.
- When budget developers build their salary and fringe budgets, they should include the following considerations:
 - Will the agency be reclassifying individual employees?
 - Will the agency be converting contractual employees to permanent employees?
 - What are the current vacancies and how many of those will be filled in the budget?



Set All Other Controlled Subobject Expenditures

- Controlled subobjects are nondiscretionary. The amounts in the request must be exactly the same, by fund source, as those in the legislative appropriation. While BARS will validate this, the agency should ensure this is correct and contact the assigned DBM budget analyst if there are any questions or concerns. These specific subobjects are 0152, 0154, 0175, 0217, 0305, 0322, 0697, 0831, 0833, 0839, 0874, 0875, 0876, 0882, 0894 and 0897. Other controlled subobjects that must be budgeted according to guidance in Section A.1 include 0698, 0704, 1302, and 1303.



Set Any Other Mandated Expenditures

- The budget should include any mandated (non-discretionary only) increases or expenditures set forth in statute and carry forward any required contractual expenditures and capital lease financing payments. The staffing considerations for these mandated increases should be considered in the previous steps.
- Agencies should only include mandated increases where the legislature has passed a law that includes language that the “Governor shall” appropriate or include in the budget a specific expenditure amount or budget formula. These are non-discretionary. Agencies should not include funding for new laws that do not specify an amount or provide a formula, unless they are able to include the funding within the target. Alternatively, agencies may request this funding in an over-the-target request.
- CAVEAT: The Legislature will sometimes pass laws that include an intent section with budget language. Intent language in a law is not a legal requirement and agencies should not consider these mandates. Agencies should budget these expenditures within existing funds or submit an over-the-target request.

A.3 BUDGET PROCESSING AND FORMAT

Any questions concerning submission requirements should be referred to your assigned Office of Budget Analysis (OBA) analyst.

In BARS—the statewide solution for budget development and analysis—agencies submit adjustments against the baseline budget in order to create and submit the budget request. Most of the detail that makes up a budget submission is now contained in BARS itself, but for a list of remaining outside-of-BARS DA-form requirements, see the agency checklist, Section B.2.

Submission Methodology

Data Starting Point/Baseline: When agencies first access their data in BARS to start the FY 2023 budget submission, the following are the starting points for that data.

- FY 2021 Actuals (Prior Year or PY). The starting point for FY 2021 actual expenditures will be the FY 2021 working appropriation. There will be no direct connection to FMIS data.
- FY 2022 Appropriation (Current Year or CY). As budget amendments are now a separate, ongoing process in BARS, the primary CY adjustments that agencies will be making during budget submission are deficiencies. When agencies first access their CY data in BARS, it will be the FY 2022 Appropriation plus any approved and processed budget amendments.
- FY 2023 Request (Budget Year or BY). The baseline will consist of (a) the FY 2022 Legislative Appropriation plus (b) any statewide personnel actions that happen during FY 2022 plus/minus (c) any target adjustments that OBA analysts enter at the line item level to reflect caseload changes, new or escalating mandates, removal of funding that is sun setting, or other management decisions. Even after work in BARS has started, agencies can always view this baseline by viewing the FY 2023 Target Stage in BARS reports or ad hoc.

Targets: Agency General Fund and Special Fund Targets—both agency-level and more specific to mandated program areas—can be viewed in BARS in the Budget Request Submission (BRS) Module.

Submitting Adjustments in BARS: Agencies should view the baselines listed above and then make adjustments to update their actuals and finalize the FY 2023 request. Agencies with approved reorganizations should contact their OBA analyst for guidance.

Supporting Detail (previously “DA-Forms”): Prior to the FY 2020 budget submission, this data was submitted outside of a budget system, usually in Excel. BARS conveniently stores this information and ensures that it matches relevant budget data. SD data which is edited in BARS adjustments includes:

- Position Detail. Used to identify PIN-level detail behind Object 01 salaries and fringes form.
- Contractuals Detail. Used to identify contractual position-level detail behind Object 02 salaries and fringes. Formerly the DA-22 form.

- Contract/Grant Detail. Used to identify the specific contracts and grants that comprise the budget in Object 08 and Object 12. Formerly the DA-23 form.
- Real Estate Detail. Used to identify the specific leases that are budgeted for in comptroller subobject 1301. Formerly the DA-24 form.

If agencies need to establish new contracts, grants, or real estate leases, or merge or delete old ones that are no longer in use, they must use the Agency Administration - Maintain Contracts and Grants or Maintain Real Estate Leases modules in BARS.

Agency Budget Justifications: In addition to the budget detail and the SD information, agencies should provide additional supporting budget information and detail. Agencies are able to input data into the “Comment” column in most grids within BARS, and are encouraged to use that method to provide detail down to the line item level as needed. **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.**

↗ **Budget Amendments**

Starting in FY 2021, budget amendments needed to realign or increase current year appropriations should be submitted to DBM in BARS. See DBM’s highlighted budget amendment guidance on the Budget Instructions webpage for more information.

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

↗ **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. **Therefore, Agencies are encouraged to update this information prior to budget development.** Note that BPT will not be processing any COA disable requests during budget season, as disabling can result in data errors.

Agencies may wish to set-up new subprograms to provide a greater level of detail, to more easily track the budget for a particular project, or to budget a new agency activity. Agencies should follow the process below to update the agency COA. Please plan ahead for needed COA changes and work on them early in budget season so that the processing of COA additions does not hold up agency budget work.

1. **Agency Adjustment (Subprograms)** – An agency approver can create the subprogram item in BARS using the Agency Administration – COA Maintenance – Maintain Sub-Program module. When complete, the user should e-mail dblbudgethelp_dbm@maryland.gov and CC the OBA analyst with the BARS item # so that the item can be approved and released. Agencies must include a subprogram description with each subprogram that is created, at least a sentence long (preferably longer) explaining to DBM and DLS readers the purpose and work of that subprogram. Make sure to include in the email an explanation of the reason for the changes. The Budget Processing Team (BPT) will reply by e-mail when updated and approved in BARS.

2. **Agency Adjustment (Agency Subobjects)** – An agency approver can create the subobject item in BARS using the Agency Administration – COA Maintenance – Maintain Agency Sub-object module. When complete, the user should e-mail dlbudgethelp_dbm@maryland.gov and CC the OBA analyst with the BARS item # so that the item can be approved and released. Make sure to include in the email an explanation of the reason for the changes. The BPT will reply by e-mail when updated and approved in BARS.
3. **OBA Adjustment (Units and Programs)** – Agencies can submit requests via email for COA changes that require more substantial agency updates to units or programs (name or description changes and creation of new COA components as part of a reorganization). The agency should submit these updates via an Excel spreadsheet showing current and proposed COA detail by e-mail to dlbudgethelp_dbm@maryland.gov and CC the OBA budget analyst. Make sure to include in the email an explanation of the reason for the changes. The BPT will reply by e-mail when updated and approved in BARS.

Modifications to the BARS COA account code structure (adds or edits) are not part of the FMIS and Workday interfaces. **Agencies will need to update account codes separately in FMIS and Workday as appropriate.**

A.4 PERSONNEL BUDGETING – OBJECTS 01 AND 02

A.4.1 POSITION RECONCILIATION AND PIN BUDGETING – OBJECT 01

The first step in building a budget request is to establish the cost of the agency's permanent employee salaries and fringe benefits (in Object 01). During the summer, agencies are asked to complete a Position Reconciliation exercise in BARS to update the FY 2022 personnel data that will serve as the baseline for the FY 2023 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 27, 2021 or with the submission, whichever comes first.

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

1. BARS updated position data with salaries based on the July 1, 2021 salary schedule (without any FY 2022 salary adjustments) 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 2022 position data.

Like last year, salaries and fringes (0101, 0151, 0161, etc...) will be "Read Only" in the Expenditures tab in BARS once the Position Reconciliation exercise has been completed.

OBA provides the following guidance regarding position realignment between programs:

FY 2023: During Position Reconciliation, agencies may realign positions between programs provided the FTE counts are equal to the POSCON agency total. After Position Reconciliation, this action is discouraged and DBM recommends that agencies do not take the additional effort to further realign positions as it complicates the budget submission process.

FY 2022: DBM will limit FY 2022 adjustments to material changes such as DBM approved reorganizations. Agencies may only realign positions between programs through a FY 2022 budget amendment adjustment so that Object 01 position and budget data reconcile. Contact your DBM analyst if you want to implement a FY 2022 position realignment – DBM discourages mid-year reorganizations.

FY 2021: DBM will limit FY 2021 adjustments to material changes such as DBM approved reorganizations. DBM will provide separate guidance in August for completing the FY 2021 Central Payroll Bureau (CPB) actual expenditures and FTE counts.

↗ Position Reconciliation ("PosRec") Guidance

Agencies will begin the Position Reconciliation process for the FY 2023 Budget Submission in July 2021. During the PosRec exercise, agencies will have the ability to process all needed position adjustments in BARS through to the "Released" (i.e., finalized) stage. Position adjustments processed during PosRec will be fully incorporated into the Expenditures grid in BARS and become a final part of the budget request. Once Position Reconciliation is complete, agencies will be instructed to notify DBM that the task is complete by sending an email to dlbudgethelp_dbm@maryland.gov and copying

the OBA analyst. Agencies must complete the Position Reconciliation exercise by the due date provided in the DBM guidance letter.

For more detailed guidance regarding PosRec, including how to complete all work in BARS and review prior year actuals, refer to the user guide Position Reconciliation Guidance and Instructions.

Salary Tables for the FY 2023 Budget

Refer to Appendix 1 for salary rates.

- The salary schedule effective January 1, 2021 is the basis for FY 2023 salaries in BARS and incorporates:
 - annualized Cost of Living Adjustments (COLA) (as of January 1, 2021),
 - SLEOLA COLA (as of July 1, 2021)
 - Adjusted Salaries to meet \$15 minimum wage rate
- **For FY 2023, DBM will provide funding in the DBM Allowance budget for any FY 2023 salary adjustment for COLA and/or SLEOLA negotiated collective bargaining provisions.**

A.4.2 FRINGE BENEFITS – OBJECT 01

Agency budget submissions include both regular earnings (subobject 0101) as well as additional earnings such as additional assistance, overtime, shift differential, miscellaneous adjustments and reclassifications. **It is critical that agencies properly calculate fringes for these different types of earnings and budget the corresponding fringes in the correct subobject.** Detailed guidance on fringe calculations can be found in Section A.1. Below are descriptions regarding a subset of fringes with particularly complicated calculations or nuances.

Accrued Leave Payout (Comptroller Object 0111)

This object is used for accrued leave payout for long-term employees who leave State service. Agencies should use this subobject to account for accrued leave payouts for the FY 2022 budget book appropriation and the FY 2023 budget request. Actual expenditures for FY 2021 will be included in 0101, Salary Payments.

Please adhere to OMB Circular A-87, Title 2 of Code of Federal Regulations, when budgeting for accrued leave payouts related to federal funded positions. Some portions of leave/severance payments cannot be charged directly to federal programs because such charges violate this regulation. The pertinent sections of the regulation are copied below.

Appendix B to Part 225, 8.d.:

(2) The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, sick leave, holidays, court leave, military leave, and other similar benefits, are allowable if: (a) they are provided under established written leave policies; (b) the costs are equitably allocated to all related activities, including Federal awards; and, (c) the accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the governmental unit.

(3) When a governmental unit uses the cash basis of accounting, the cost of leave is recognized in the period that the leave is taken and paid for. Payments for unused leave when an employee retires or terminates employment are allowable in the year of payment provided they are allocated as a general administrative expense to all activities of the governmental unit or component.

(4) The accrual basis may be only used for those types of leave for which a liability as defined by Generally Accepted Accounting Principles (GAAP) exists when the leave is earned. When a governmental unit uses the accrual basis of accounting, in accordance with GAAP, allowable leave costs are the lesser of the amount accrued or funded.

https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/federal_register/FR2005/083105_a_87.pdf

↗ **COVID-19 Salary Costs - Comptroller Subobject 0125**

BARS validation requires that the salary position data by fund must reconcile to the expenditure data by fund. To the extent that positions are supported by COVID-19 funding, the salary data would need to be updated with fund 25 (CARES), 35 (CRRSA), or 45 (ARPA) to reflect Covid-19 federal funding depending on which stimulus bill the funding came from. To capture COVID-19 salary costs while not requiring each BARS position to be updated using federal relief fund types, DBM has created comptroller subobject 0125 to allow agencies to designate COVID-19 salary and fringe costs. Agencies should use comptroller subobject 0125 to budget for total salary and fringe expenditures (comptroller subobjects 0101, 0151, 0152, 0154, 0161-0170, 0174, 0189), associated with position funding supported with COVID-19 federal fund support.

More specifically, in the agency Position detail within BARS related positions will remain funded by standard federal funds (fund 05). Therefore, the Expenditure grid (which must match Positions) funding will have 05 for all salary and fringe comptroller subobjects. Then, in comptroller subobject 0125 those fund type 05 values will be netted out with a negative, along with a positive in fund type 25 (CARES), 35 (CRRSA), or 45 (ARPA). Example:

- Two positions in a subprogram are to be supported by ARPA funding, fund source 11.111e.
- On the Position tab in BARS, both positions will be listed as 100% federal funds.
- On the Expenditure tab in BARS, comptroller subobjects for these positions are listed under federal funds/fund type 05 (0101, 0161-0169, 0174, and 0189) and net to \$200,000.
- In comptroller subobject 0125, the agency would put negative \$200,000 in FF/05 and positive \$200,000 in fund type 45.
- On the Revenue tab, the program would have \$0 in standard federal funds for those two positions as they have been netted out, but there would be \$200,000 in 11.111e.

↗ **FICA Contributions (0151)**

Subobject 0151 – FICA will be automatically calculated within BARS during the Position Reconciliation process based on each position's class code and step, using the calculation in Section A.1. **As in FY 2022, FICA (subobject 0151) in BARS will only be calculated on regular earnings (0101), while FICA for other earnings subobjects—including 0102, 0104, 0105, 0110, 0111, and 0112—should be budgeted within the subobject.** Agencies are encouraged to provide supporting information that outlines the computation of these other earnings subobjects.

Employee Health Insurance (0152) and Retiree Health Insurance (0154)

BARS will validate that agencies budget employee health insurance (0152) and retiree health insurance (0154) at the same level as the FY 2022 legislative appropriation. Specifically, the agency budget submission for 0152 and 0154 must reconcile agency-wide with FY 2022, by fund type. Like other controlled subobjects, DBM will determine the final health insurance rate, with agency input, for each agency in December. Note that BARS includes these values already populated. Agencies are encouraged to realign the health insurance request to programs/sub-programs with budgeted positions. Appendix 2 provides your agency's average rate for 0152 and 0154 per FTE based on the FY 2022 legislative appropriation. This rate will assist with allocating costs by budgeted positions.

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.

A.4.3 ADDITIONAL POSITION REQUESTS – OBJECT 01

Agencies must submit new position requests as an over-the-target request through a BARS Over-the-Target adjustment type. Every effort should be made to meet agency needs within the existing workforce before requesting new positions. ALL new position requests, including contractual conversions, must be requested as over-the-target items. The over-the-target requests must be limited to demands from major workload growth already in effect, new facilities already approved, new mandates, program transfers that cannot be met by reallocations, and federal contracts and grants.

Any new position, if approved, will be updated in BARS through DBM's approval of the agency's over-the-target adjustment item in December. The BARS adjustment requires R*STARS location, number of positions (decimal equivalent), class code, step, increment month, retirement code, fund type percentage and justification. New positions, other than contractual conversions, are to be requested at the base salary even though recruitment for the position may be planned at a higher step. The agency can budget the salary and fringe difference in comptroller subobject 0112 – Reclassifications if the agency plans to hire the position above base. Contractual conversions should be budgeted no greater than one step above the grade/step of the current contract.

All of the following conditions must be met for new position requests to be given consideration:

- There is a justified need for and a benefit from the new position (quantifiable workload).
- The work cannot be absorbed by existing staff, student help, patient/inmate labor, or positions reallocated from other areas (program discontinuations or excessive vacancies).
- The function is expected to be needed for at least three fiscal years.
- The need is for a full-time employee at least 40 weeks during the year, unless the request is for less than one full-time equivalent (FTE) position.
- If the agency is not requested general funds for the position, the funding for the position (federal/private/local government grant program or student government fees) is reasonably expected to be available for more than three years.
- The budgeted turnover rate for the agency does not exceed 5.9%. If the budgeted turnover is 6.0% or greater, the agency should realign existing vacant positions and potentially submit an over-the-target for a turnover reduction.

Please feel free to contact your DBM analyst for process clarification as requesting additional positions through BARS is a new process.

Contractual Conversions

Agencies may request contractual conversions as an over-the-target and only as part of an overall staffing plan that eventually significantly reduces the total number of authorized contractual FTEs. New positions may be requested to replace contractual employees (subobject 0220) only when all of the following conditions are met:

- There is a justified need for an employee.
- The employee is not student help, patient labor, or an inmate.
- The function is expected to be needed for at least three fiscal years.
- The need is for a full-time employee, or at least 32 hours a week, for 40 weeks during the year.
- The funding for the position (federal/private/local government grant program or student government fees) is reasonably expected to be available for more than three years.
- The contract position and funding were approved in the FY 2018 legislative appropriation.
- Funding for the conversion is currently included in object 02 within the target and there is a corresponding reduction in contractual services (object 02) if the conversion is approved. The amount for a new position must include FICA (0151), retirement (0161, 0163, 0165, 0168, 0169), unemployment compensation (0174), and turnover (0189). Do not include any amount for workers' compensation (0175).
- Agencies should give priority for contractual conversions to existing workers who have been working in a contractual capacity for at least two years.
- Agencies are expected to include in the over-the-target request how 1.5 authorized contractual positions will be eliminated for each requested contractual conversion to a PIN, including specific contractual PIN numbers from Workday.

A.4.4 PAY PLAN ADJUSTMENTS AND NEW CLASSIFICATIONS

Agency requests for pay plan and salary adjustments to existing classifications and for the creation of new classifications must be submitted as part of the FY 2023 budget request. Agency requests for pay plan adjustments outside the budget process will be considered only in order to address an immediate necessity that, if not addressed, will significantly impede the agency from achieving its mission, goals, and objectives. Agencies should submit all pay plan adjustments no later than October 15, 2021.

Agencies must complete DA-25A and DA-25B forms when requesting a salary adjustment to one or more job classifications or the creation of one or more classifications in FY 2023. **If salary adjustments are approved by DBM and the Governor, DBM will include related funding in the DBM budget, and if approved by the General Assembly, will disburse funding to the requesting agency via a budget amendment at the beginning of the fiscal year.**

DA-25A Form – WORD Document: This form is used to provide sufficient supporting justification for the request by addressing the following items:

1. Why are the pay plan adjustments or new classifications necessary? Why is this job series critical to the agency or program goals and objectives? The explanation should outline how the current or proposed salary structures will impact the outcomes for the agency and/or program (list the specific Managing for Results goal, objective, and measures).
2. List any alternatives to address the issues that would not require the establishment of a new classification series or salary adjustment. List steps that have been taken to address recruitment and retention issues with existing resources.
3. List the impact of this proposal on other classifications within the agency.
4. Provide any additional documentation that supports this request.

DA-25B Form – EXCEL Document: This form is used by agencies to outline specific positions and costs associated with the request. The following information is required:

1. List **current** grade, step, and salary by PIN to be impacted by the pay plan adjustment.
2. List **proposed** grade, step, and salary by PIN to be impacted by the pay plan adjustment.
3. Outline the fringe benefit costs associated with the proposed pay plan adjustment.

Requests must be submitted electronically in priority order no later than October 15, 2021 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.

A.4.5 REORGANIZATIONS

The Department of Budget and Management (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, 2021 for the FY 2023 budget request). This policy will avoid mid-year reorganizations that make reconciliation difficult for position and budget data as the Central Payroll and FMIS source data reflect both the old and new organizational structure.

An agency reorganization is defined as a change in the organizational structure of an existing unit, section, program or division within an agency or department or State principal service operation that creates new supervisory, managerial, or executive positions or results in the realignment of existing supervisory, managerial, or executive positions. These reorganizations typically create new reporting relationships for supervisors, managers, or executives and prompt a request to upgrade existing positions or create new and higher-level classifications.

Agency reorganizations that impact the salary level of a position or positions will require approval of the Office of Budget Analysis (OBA) within the Department of Budget and Management (DBM). **Agencies must obtain OBA approval prior to the Office of Personnel Services and Benefits (OPSB) review of the appropriateness of the requested salary level(s).**

During FY 2022, agencies should submit reorganizations no later than March 1, 2022 so that the proposal can be reviewed. If the proposed reorganization is approved, the new account code structure can be implemented within Workday and FMIS effective for July 1, 2022. The proposal should be forwarded to the OBA budget analyst for review of funding and organizational design. The proposal should include at a minimum:

1. The existing organization chart for the unit, division, program, or section affected.
2. The proposed new organization chart for the unit, division, program or section affected.
3. A justification for the proposal to include:
 - a. How the proposed change of organization or reporting relationships will benefit the agency; and
 - b. How the proposed change of organization or reporting relationships will promote efficient operations for the agency.
4. Estimates of the additional costs (or savings) of the proposed change of organization or reporting relationships for both:
 - a. the balance of the current fiscal year, and
 - b. the next fiscal year.
5. Designation of where the funds for any additional costs will come from by fiscal year.

Once approved by OBA, the agency may submit any reclassification requests associated with the reorganization to the Classification and Salary Division (CAS) within DBM's OPSB. Reclassification requests associated with reorganization that are submitted to CAS without the required OBA approval will be returned to the agency.

Reorganizations Approved Effective July 1, 2021

DBM will assist the agency to coordinate the implementation of the reorganization in BARS as part of the FY 2023 budget process. The reorganizational realignment is to be reflected for all three fiscal years (FY 2021 Actual, FY 2022 Working Appropriation and FY 2023 Request) in both the salary and budget data. The data for the three years will be adjusted through the following process for each fiscal year:

FY 2023: Agency will reflect the reorganization as part of the budget request process by 1) moving the positions by PIN; 2) realigning appropriation; and 3) updating the fund source as appropriate.

FY 2022: Agency will create a BARS deficiency adjustment that 1) moves the positions by PIN; 2) realigns appropriation; and 3) updates fund source as appropriate. **Do not create the BARS deficiency without prior approval from OBA.**

FY 2021: Agency will create a BARS adjustment that 1) moves the positions by class code; 2) realigns appropriation; and 3) updates fund source as appropriate.

A.4.6 TECHNICAL AND SPECIAL FEES – OBJECT 02 (CONTRACTUAL EMPLOYEE BUDGETING)

Contractual positions (State Personnel and Pensions §13-101) are workers having an employee-employer relationship with the State, but they are hired for a specific project or time period. Agencies must use the Contractual Positions Supporting Detail (SD) module within BARS to enter contractual positions for FY 2023.

✓ For the FY 2023 Budget Submission, BARS will collapse contractual position lines of the same class code into a single line within each chart of accounts down to the subprogram level. Agencies are required to provide justification for each contractual position using the Contractual Positions SD tab using the “Description” field. Agencies only need to enter detail for any changes from FY 2022 to the Budget Year (BY) in FY 2023, as well as any necessary edits to the Prior Year (PY) actuals in FY 2021. More detail regarding use of the Contractual Positions SD tab can be found in the related user guide.

Agencies should take a “zero-based” approach to budgeting contractual positions. Any contractual position that can be eliminated should not be renewed (reductions can be initiated in FY 2022) and should not be funded in FY 2023.

Note that additional funding will not be provided via target adjustment to allow increases to contractual salaries similar to those provided to regular positions due to collective bargaining agreements. If agencies choose to adjust contractual salaries, that is their prerogative, but funding must be found within the budget target.

Detailed guidance on contractual fringe calculations can be found in Section A.1. However, turnover has specific nuances necessitating further detail:

Turnover (0289)

Contractual turnover should be computed on the sum of subobjects 0220, 0213, and 0214 for each subprogram (or program if subprograms are not used) and entered as a negative amount in a record for comptroller object 0289. In FY 2023, each agency should budget contractual turnover based on the agency’s turnover rate for permanent positions plus an additional 4.21% to account for a “reasonable” vacancy rate for the 11 annual holidays that contractual employees will not receive compensation for in FY 2023. For example, if the vacancy rate for permanent positions in a given program is zero, 4.21% should be the turnover rate, since the employees will not receive compensation for the 11 holidays. If the vacancy rate for permanent positions is 5%, the total turnover will be 9.21%. The turnover rate used for a subprogram (or program if subprograms are not used) may be reported using the comment field in BARS.

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. *Inclement 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.

A.6 OVER-THE-TARGET REQUESTS

DBM does not encourage agencies to submit an over-the-target request.

A maximum of **ONE** over-the-target request from any department or independent agency will be considered.

Prior to submitting an over-the-target request, agencies should attempt to identify efficiencies and low-priority programs that can be reduced, resulting in savings that can be reallocated instead of asking for additional resources. Agencies are also encouraged to pursue interagency collaborations and other innovative proposals to reduce costs. Agencies should consult with their budget analyst about the need being addressed, the related strategies, and measurable outcomes while developing their request. Requests that address critical operational needs or items specifically endorsed by the Governor will be given priority over requests for new programs. **Over-the-target requests will not be considered on an agency-by-agency basis. Each request will compete with all other requests in the State.**

Any requests for new positions, including contractual conversions, must be submitted as an over-the-target request and should not be included in the budget or personnel submission. Contractual conversions funded within the agency's base budget (i.e. the agency is requesting PIN authorization but not additional funds) will not count against the limit of one request per agency.

With the exception of the few agencies that do not submit in BARS, all over-the-target requests must be submitted to DBM as an "Agency Over the Target Request" adjustment in BARS. If your agency does not use BARS, please work with your OBA analyst to ensure you are getting them all of the information they need to do so on your behalf. The information provided in this BARS adjustment is used by DBM staff to understand both the costs and the programmatic impacts of the request. Thorough yet concise information allows for a comprehensive analysis and comparison of all requests across the State.

An over-the-target request must be submitted concurrently with (not after) the FY 2023 base budget submission.

If an agency submits more than one over-the-target request, all requests will be returned to the agency or department for further prioritization. **Multiple items should not be combined into one request.**

Key guidance/best practices for entering an over-the-target in BARS:

- Overview Tab – Adjustment Naming Convention. The Name should reflect the purpose of the additional funding being requested. For example, if 2021 Legislation passed requiring implementation of a new program but was not accompanied by a funding mandate and no funding was provided in the target, the Name of the adjustment would be the title of that new program (maybe even including the Chapter number). As another example, if the request is for say three new vehicles it could be named "3 Additional Sedans."

- Again, **multiple items with different purposes should not be combined into one adjustment.** Agencies should not combine over-the-targets of different initiatives solely to meet the single request criteria. In the rare instance of an agency being given prior OBA approval to submit more than one over-the-target request, the agency must submit each request as a separate adjustment.
- Overview Tab – Description Field. Use this field for a less formal description of the request, including any supplemental explanatory notes for the included costs that you want to share with your OBA analyst. Some text entry is required to pass validations.
- Narrative Tab – Impact Field. Some text is mandatory. Use this space to provide in-depth explanations of the positive impact that the additional funding would have on your performance, operations, etc. Be thorough—the more information that is provided here, the fewer questions your OBA analyst will have. Note that this field is a carryover from old DA-21 forms pre-BARS if that helps provide context.
- Narrative Tab – Justification Field. Some text is mandatory. Use this space to provide additional in-depth information regarding why this request should be funded. Be thorough—the more information that is provided here, the fewer questions your OBA analyst will have. Note that this field is a carryover from old DA-21 forms pre-BARS if that helps provide context.
- Other Tabs. Complete the remainder of the tabs the same as any other adjustment type.

Information Technology Over-the-Target Requests

Agencies seeking to obtain approval and funding for a new Major Information Technology Development Project (MITDP) must submit an “Agency Over the Target Request” adjustment in BARS. These requests will not count against the cap of one over-the-target. Agencies must also submit an Information Technology Project Request (ITPR) to the Department of Information Technology (DoIT) and send a copy of the ITPR to the OBA budget analyst. **The amounts listed in the adjustment in BARS and the ITPR forms must match.**

Make sure that the “Narrative” tab in the BARS adjustment includes an estimate of the Total Project Cost (TPC), which is equal to the cost from project initiation through one full fiscal year of operations and maintenance after implementation. DBM will work closely with DoIT to validate the feasibility of the request, assess the agency’s capacity to manage a major project, and evaluate the affordability of the project. **For ongoing MITDPs, the funding for each year of a MITDP must be carefully reviewed by the agency budget staff and DBM staff. Please carefully align the budget and ITPR to reflect any changes in the scope of the MITDP. Any special and federal fund sources to be used to support the project should be identified in the budget request.**

For more information, please refer to the DoIT ITPR Guidelines and Instructions found at <http://doit.maryland.gov/policies>. Information Technology Master Plans are required of all agencies.

A.7 AGENCY REDUCTIONS

To assist DBM in preparing a balanced budget proposal for the Governor's consideration, State agencies are asked to provide agency-proposed reduction items with the FY 2023 budget submission. General fund reduction targets will be provided when DBM distributes agency general fund targets in early July.

Agencies are asked to submit Agency Reduction adjustments in BARS, which will be sent to DBM with the FY 2023 budget submission. If your agency does not use BARS, please work with your OBA analyst to ensure you are getting them all of the information they need to do so on your behalf. 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 reduction options into a single BARS Agency Reduction adjustment.**

Key guidance/best practices for entering a reduction in BARS:

- Overview Tab – Adjustment Naming Convention. The Name should reflect the purpose of the funding being reduced. For example, if the agency is proposing to increase their expected turnover the name would be "Increase Turnover to X.X%." Or if the agency proposed to reduce a specific grant program, the adjustment name would be the name of the grant program.
 - Again, **multiple items with different purposes should not be combined into one adjustment.** This will create more work for both the agency and their OBA analyst.
- Overview Tab – Description Field. Use this field for a less formal description of the proposal, including any supplemental explanatory notes that you want to share with your OBA analyst. Some text entry is required to pass validations.
- Narrative Tab – Impact Field. Some text is mandatory. Use this space to provide in-depth explanations of the impact that the reduced funding would have on your performance, operations, etc. Be thorough—such as listing the specific number of individuals who would not be served due to a reduction—the more information that is provided here, the fewer questions your OBA analyst will have.
- Narrative Tab – Justification Field. Some text is mandatory. Use this space to provide additional in-depth information regarding the agency's position on the proposed reduction. Be thorough—the more information that is provided here, the fewer questions your OBA analyst will have.
- Other Tabs. Complete the remainder of the tabs the same as any other adjustment type.

DBM encourages agencies to identify on-going reductions as opposed to one-time cost savings actions.