Maryland
DEPARTMENT OF BUDGET AND MANAGEMENT

FY 2027 Operating Budget Submission Requirements

Office of Budget Analysis (OBA), DBM
August 2025

ELECTRONIC ACCESS TO BUDGET SUBMISSION REQUIREMENTS
http://dbm.maryland.gov/budget/Pages/operbudget/OperatingBudgetInstructions.aspx

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I. INTRODUCTION AND HIGHLIGHTS

I.1 New and Reminders for FY 2027

I.1.1 New for FY 2027

New TDS Email Addresses
OBA's Technical Data and Systems Team (TDS) has launched two new email addresses to replace the current dlbudgethelp_dbm@maryland.gov. This email address is still operational, but emails sent to it are now being forwarded to their appropriate account by TDS and responded to from there.

Going forward:

- For budget amendments and allotments, please email: **dbm.bawa@maryland.gov**
- For any TDS business otherwise, please email: **oba.tds1@maryland.gov**

Position Reconciliation - New Process
As outlined in an email to agencies on July 3, 2025, OBA implemented a new Position Reconciliation (POS REC) process for FY 2027. Please see the separate Position Reconciliation Guide for a reiteration of that email and the actions that OBA has already implemented on agency position data prior to agency access to BARS.

Following OBA's actions, agencies are required to:

- Zero out any value in 0192, where OBA placed the GF impact of the POS REC actions. Please note 0192 will also include the rollover of the FY 2026 Sections 38 and 41 legislative reduction which will also need to be zeroed out prior to submitting the BRS. The amount specifically tied to the impacts of POS REC can be found in the agency target memo.
- Move positions within their budgets and change position details. As outlined in the POS REC guide, OBA will have already copied Class, Grade, and Step from Workday. At this stage, agencies will be able to use the position reconciliation adjustment type to move and change positions as necessary up until they submit their budget in BARS by their due date. **However, agencies must release POS REC adjustments prior to finalizing their submission since this type of adjustment does not go through the Budget Request Submission (BRS) module.**

Sections 38 and 41 Reductions - FY 2026
Headed into the FY 2026 budget cycle, Maryland faced both a $3 billion budget gap and an unpredictable federal outlook, which was also driving revenue uncertainty, the worst fiscal crisis in two decades. While the Governor's submitted budget closed the estimated deficit, the Board of Revenue Estimates (BRE) met in March and adjusted the revenue forecast down by $347 million between FY 2025 and FY 2026.

Following this write down, the Administration worked with the General Assembly to finalize a budget plan that both leaves a cash surplus and eliminates the structural deficit in FY 2026. As part of that ultimate plan, the General Assembly took two unallocated personnel reductions in the budget totaling $121 million in general funds for FY 2026 (Sections 38 and 41 of the budget bill).

As a result of the $121 million reduction by the General Assembly, the Administration reduced the salary and fringe budget for each executive branch agency proportionate to their share of the total salary and fringe budget (objects 01 and object 02). 24/7 facility operations were excluded from this calculus. This

reduction was taken in the FY 2026 Legislative Appropriation in every subprogram in agencies with general fund salaries and fringes, in subobject 0192.

The Governor announced four initiatives to capture the savings:

- Identifying opportunities for promoting innovative cost savings and enhanced efficiency without PIN reductions, such as through facility consolidations;
- Launching a Voluntary Separation Program (VSP);
- Assessing opportunities to eliminate vacant PINS based on alignment with mission priorities; and
- Implementing a hiring freeze effective July 1st.

Agencies are currently working through these initiatives in the current year (FY 2026) budget. Any questions about the hiring freeze should go to dbm.exemptions@maryland.gov. Questions on the VSP should go to vsp.administrator@maryland.gov.

Agencies may submit FY 2026 deficiency requests in BARS if they have remaining operational shortfalls in the current year after implementing the Governor's initiatives outlined above. Current year backfill funding is extremely limited, so agencies are encouraged to take every step possible to find cost savings per the Governor's guidance before submitting such requests.

Sections 38 and 41 Reductions - FY 2027

Going forward, Maryland continues to face unprecedented times. The current outlook due to federal actions is extremely challenging in terms of the impact on the Maryland workforce, the State budget, and on the larger Maryland economy. **The 0192 reductions in the FY 2026 Legislative Appropriation were therefore rolled over into FY 2027 agency targets.** Similar to the POS REC negative amounts in this subobject, agencies are required to zero out any negative amounts in their budget submissions.

As outlined in Section A.6, agencies may submit an over-the-target request for funding to backfill the portion of its reductions it was unable to capture by identifying savings through the four initiatives or other operational efficiencies. As with current year funding availability, the Administration's ability to support such requests will be extremely limited.

New Position Requests

Given the State's fiscal situation and the FY 2026 position reductions taken by the General Assembly, requests for additional staff are unlikely to be approved in FY 2027. In addition, requests for new positions will not be seriously considered in agencies where there are persistently vacant positions.

Federal Fund Rescissions

As outlined in Section A.6, if an agency has had federal funds rescinded and is requesting backfill funding (i.e., an internal operational shortfall or pass-through grants), they should submit an FY 2027 over-the-target for the program.

Government Modernization Initiative - Fleet Impacts

As part of the Government Modernization Initiative, launched by the Governor via Executive Order 01.01.2025.08 in January, agencies worked with DBM to validate vehicle usage data and identify underutilized vehicles for disposal. In line with this utilization analysis, the approval for a number of vehicles initially budgeted in the FY 2026 Governor's Allowance and FY 2026 legislative appropriation was revoked. Agencies should keep this analysis in mind when developing FY 2027 requests and should contact their OBA analysts with any questions.

New Form Requirement - Greenhouse Gas (GHG) Emissions
Maryland is required by Environment Article §2–1304 to produce an annual report that identifies the total amount of state money spent on measures to reduce Greenhouse Gas (GHG) emissions during the immediately preceding fiscal year and the percentage of that spending that benefited disproportionately affected communities.

To provide accurate spending data in the report, the agencies listed below are required to report their FY 2025 GHG emission reduction spending in the GHG Reduction Spending Template (FY 2025) that will be emailed to their Chief Fiscal Officer in August. Completed templates are due the Maryland Department of the Environment (MDE) by October 15, 2025. See template for additional information.

Agency Code	Agency Name
K00	DNR
L00	MDA
D40	MDP
U00	MDE
R00	MSDE
R13/R14/R30	Higher Ed (MSU, SMCM, USM)
J00	MDOT
D13	MEA
H00	DGS

If an agency not listed above is interested in submitting their FY 2025 GHG emission reduction expenditures for the 2025 Maryland report, please contact the MDE coordinators: Chris Beck, Josey Schwartz, and Tom Jones.

Health Insurance
BARS now includes functionality to auto-calculate health insurance costs at the PIN level using the positions SD tab. In the past, health insurance costs were not linked to PIN data or the positions SD tab; rather, agencies were required to submit their requests with health insurance level-funded to the prior year, and DBM would update health insurance across all budgets in December. Just as with other fringes in the positions SD tab, agencies will not be able to alter the amounts that BARS auto-calculates.

I.1.2 Key Submission Reminders for FY 2027

REVIEW BARS Guides and Videos
Section B.6 includes a list of guides and videos on the use of BARS for agencies, all of which are available on the Budget Instructions website. **Please refer to these helpful resources for training and reminders regarding BARS functionality.**

REFRESH on the Maryland Budget Process
Section I.3 provides an overview of the budget process in Maryland, including key terminology and concepts. Please encourage new staff to review.

PLAN AHEAD for Chart of Accounts (COA) Updates
Agencies are encouraged to review their agency's units, programs, subprograms, or agency subobjects in BARS through the Agency Administration - COA Maintenance tab. If a necessary code is disabled or not yet created, agency users will not be able to use that code while making adjustments. **Please plan ahead for needed COA changes and work on them early on in budget season** so that the processing of COA additions does not hold up agency budget work. Most adjustments require correspondence with **oba.tds1@maryland.gov**. See Section A.3.1 for additional details.

CONFIRM all Submission Requirements With Official Checklist
Section B.2 includes an exhaustive list of requirements for submission and identifies those that are submitted in BARS vs. those that still must be submitted electronically outside of the BARS system. **Make sure your agency reviews the list prior to submission, and ask your OBA analyst if you have any questions. All checklist items are required at the time of submission.** A few key reminders:

- **Budget Submission Memos:** As listed in Section B.2, agencies must submit a budget request memo from their agency heads. These memos can be high-level and narrative in nature. However, all references to budget values should match the agency's budget request data. The memo should:
  - Provide an overview of the agency's budget and its alignment with the agency's strategic plan and the Administration's priorities.
  - List and summarize over-the-target requests by category and priority (see Section A.6).
  - List and summarize any FY 2026 deficiency requests in priority order.
  - Explain major changes the budget request makes from the FY 2026 budget. For example, realignment of funding or PINs from one program to another.

- **Over-the-Target Requests:** Given the fiscal constraints facing FY 2027, OBA is again requiring agencies to limit over-the-target requests and categorize them appropriately. Notably, OBA is limiting the number of enhancement over-the-target requests an agency can submit (see your agency's target memo) and highly encourages agencies to link those enhancement requests to evidence-based solutions. If no evidence is available for an enhancement request, agencies should acknowledge the lack of data and explain why they are still pursuing the approach. See Section A.6 for additional guidance.

- **Deficiencies:** Both the Administration and Department of Legislative Services prefer that fall adjustments be made to the appropriation through the deficiency/budget bill process rather than via budget amendments. These requests should be for operational shortfalls rather than enhancements.

- **Reductions**: To assist DBM in preparing a balanced budget proposal for the Governor's consideration, agencies will be asked to submit budget reduction proposals with the FY 2027 budget submission. General fund reduction targets will be provided when DBM distributes agency general fund targets. Please refer to Section A.7 for more information.

- **Fee Inventories**: DBM now requires agencies to submit an inventory of fees they're responsible for setting and collecting. Agencies should use the DA-29 form (new last year) to compile this information. Agencies planning to increase fees (regulatory or statutory) should submit an over-the-target request. See Section B.3 for more details on the DA-29 form.

NOTIFY OBA of Official Budget Submission
As listed in Section B.2, even if the OBA analyst is handling submission for the agency in BARS, agencies must send an email to **oba.tds1@maryland.gov** and their OBA budget analyst to confirm the agency's submission of the FY 2027 budget request and all checklist items.

- NOTE - **Late Submissions**: Budget submission deadlines are listed in your agency's target memo. **Please submit all extension requests to the OBA Executive Director, Nathan Bowen at nathan.bowen@maryland.gov and cc your OBA analyst.** OBA will consider extension requests of **no longer than one week**. Deadlines and extensions are inclusive of any time an agency needs to work through BRS validation errors (i.e., an agency will not be granted additional time after the due date to fix such errors). Should an agency not meet the extension, DBM will take steps to finalize the request on behalf of the agency with the information already submitted in BARS and/or use the FY 2027 target as the FY 2027 budget request. DBM is not required to consider over-the-target requests of agencies with late submissions.

I.1.3 Key Technical Reminders for FY 2027

Turnover and Salary Costs
Salary and fringe shortfalls in FY 2026 or FY 2027 due to success in hiring should be accommodated within the current budget and target. Agencies are expected to stay within their budget, which may require more strategic hiring in FY 2026. DBM will consider deficiencies and/or over-the-target requests for these costs on a very limited basis and only those supported with detailed salary and fringe projections. **Agencies should NOT increase the overall turnover rate in the FY 2027 base request.** Agencies must provide ample justification to increase the turnover rate in their base budgets; meeting the agency's general fund target is not an acceptable justification.

Controlled Subobjects
Controlled subobjects are nondiscretionary. The amounts in the request must be exactly the same, by fund source, as those in the FY 2026 legislative appropriation. While BARS will validate this, the agency should ensure this is correct and contact the assigned OBA budget analyst if there are any questions or concerns. These specific subobjects are 0175, 0217, 0305, 0322, 0697, 0704, 0831, 0833, 0839, 0874, 0876, 0882, 0894, 0897, 1302, and 1303. NOTES: 1) Health insurance (0152 and 0154) previously fell under this category but are now auto-calculated as fringes in BARS; and 2) State Retirement Agency Allocation (0875) also previously fell under this category but **will no longer be budgeted** due to a change in the way SRA is funded.

Scheduled Subobjects
Other *scheduled* subobjects that must be budgeted according to guidance in Section A.1 include 0698 and Capital Lease Payments to Treasurer (1021, 1041, 1121, and 1141). While BARS does not validate these subobjects, your OBA analyst will be checking amounts against those listed in Appendices 2 and 5, respectively.

Turnover in Actuals (0189 and 0289)
All agencies must ensure that $0 remains in comptroller subobjects 0189 and 0289 in the FY 2025 Actual Expenditures in the final budget submission.
Fringe Calculations in BARS (FICA, Retirement Rates, Unemployment Insurance, and Health Insurance)
Fringe rates (including health insurance - new last year) calculated using a position or contractual position's salary will be automatically calculated within BARS during the Position Reconciliation process based on each position's class code, step, and fund split. See Section A.1 for details on the specific rates.

I.1.4 Key Miscellaneous Reminders for FY 2027

Current Year (FY 2026) Funding Requests - Deficiencies and Budget Amendments
As mentioned above, agencies are strongly encouraged to avoid processing amendments in the fall, as both the Administration and Department of Legislative Services prefer that fall adjustments be made to the appropriation through the deficiency/budget bill process. If an agency *does* need to submit a budget amendment in the fall, they are due to OBA no later than **November 1st** if they are to be included in the budget volumes. See "Budget Amendment Instructions" here.

Prior Year (FY 2025) Closing Amendments, Closeout Assistance & Budget/Accounting Workgroup
Separate from the *current year* BA deadline mentioned above (November 1st), the General Assembly has established a *prior year* closing amendment deadline of October 31st. See "Closing Amendment Instructions" here. If an agency has accounting issues related to FY 2025 closeout, please contact DBM's Audit and Fiscal Compliance Unit (AFCU) at afcu.assist@maryland.gov. AFCU also has a Budget/Accounting Workgroup (BAW) for agency staff to share resources and training; please contact them if interested in joining.

Reorganizations
DBM is no longer accepting reorganization requests for FY 2026. For FY 2027 reorganizations, agencies should submit reorganization requests no later than September 1, 2025. If the proposed reorganization is approved, the new account code structure can be implemented within Workday and FMIS effective on July 1, 2026. The proposal should be sent directly to the OBA budget analyst for review of funding and organizational design. Additional guidance can be found in Section A.4.5.

Pay Plan Adjustments
The Moore-Miller Administration intends to emphasize the allocation of budget resources toward across-the-board increases for State employees in order to continue progress on improving the competitiveness of our salaries overall rather than emphasizing individual classification upgrades or Annual Salary Reviews (ASRs). Agencies are advised to only submit requests that are deemed absolutely critical for state operations. Pay plan adjustment requests are due **no later than September 1, 2025**, earlier than prior years, to facilitate negotiations. Requests should be submitted to **oba.tds1@maryland.gov**, copying your OBA budget analyst. It is not necessary for agencies to submit duplicate requests to the Office of Personnel Services and Benefits (OPSB). OBA works closely with OPSB to review requests for pay plan adjustments or new classifications and provides OPSB with the supporting documentation to review such requests. See Section A.4.4 for additional details.

Contractual Conversions
During the fall 2023 negotiations, the State and AFSCME agreed to language that requires the State to cease hiring new contractual employees into classifications that are assigned to AFSCME bargaining units, effective July 1, 2024, **unless**:

- The individual is hired pursuant to a short-term grant or for a defined temporary project (defined as 24 months or less).
- The hire is short-term (i.e., 12 months or less) on an emergency basis to a nonrenewable contract.
- The individual is a State retiree.
- The percentage employed is less than fifty percent (50% FTE).

Although this obligation is expressly stated only in the MOU for bargaining units A, B, C, D, F, and H, agencies should examine all existing long-term contractuals, move them into vacant regular PINS where possible and, if sufficient vacancies do not exist, consider submitting a Contractual Conversion Over-the-Target request wherein new positions are requested to replace contractual employees (subobject 0220). See Section A.4.3 for additional details.

Zero-Emission Vehicles (ZEVs)

It is required that 50% of vehicles purchased for the State Fleet must be electric vehicles that have a zero emission vehicle (ZEV) equivalent. To facilitate this, the DA-8 form includes two columns where agencies must indicate whether the vehicle being replaced can be a ZEV, and a justification for any non-ZEV requests. Due to the current fluctuations in the estimated purchase price for ZEVs, agencies are instructed to budget for and request gasoline vehicles. DBM, in consultation with the Department of General Services (DGS), will determine which vehicles will be replaced with ZEVs. The price difference between the ZEV and the gasoline-powered vehicle will be paid by DBM utilizing funding from the Strategic Energy Investment Fund (SEIF). Please refer to Section A.5.3 for more information.

Out-of-Cycle Vehicle Requests

When an agency submits an out-of-cycle (OOC) vehicle request to DBM Fleet, agencies will be required to submit, on official agency letterhead, a certification of funding availability for purchase. This must be signed by the Agency Head/Chief Fiscal Officer/Official Designee.

I.2 Operating Budget Calendar

Mid-April – June	OBA develops budget submission requirements and budget targets ● OBA projects expenditures and revenues for the current level of service ● OBA considers items in addition to the current level of service which might be necessary in the next fiscal year
End of May	Legislative appropriations finalized
Mid-July	OBA implements a statewide copy of Workday data for SPS agencies (i.e., the new Position Reconciliation process)
End of July – Early August	Fiscal Digest available on DBM website
End of July – Early August	Budget targets, including calculated salaries and fringe benefits, released to agencies
End of July – Early August	DBM hosts virtual Budget Instructions training(s) for agencies
August – October	Agencies release remaining position reconciliation adjustments and prepare remainder of budget submission. Agencies review Prior Year 2025 Central Payroll Bureau Actuals and Position Control (POSCON) PIN counts
August – October	Agency budget requests due to OBA
October – November	Agency budget meetings occur as needed
December – Mid-January	Governor's Allowance created ● Decisions regarding agency budgets and statewide issues are finalized by the Governor and senior staff ● OBA prepares the Governor's Allowance budget and various complementary publications
3rd Wednesday in January*	Introduction of the Governor's Budget, including a press conference and publication on DBM's website
January – Early April	Legislative Session & Supplemental Budget ● General Assembly holds public hearings on the Governor's budget and recommends changes, restrictions on funds, and budget-specific language affecting agency operations ● Agencies submit supplemental budget requests to DBM ● Governor may introduce supplemental budget ● General Assembly passes amended version of the Governor's Budget and Governor signs

* Or 10 days after the 2nd Wednesday if a newly elected Governor

I.3 Primer on the Operating Budget Process

Starting Point: Targets/Current Services Budget (CSB)

The CSB is a "fixed ceiling" technique of budget formulation that allows the Governor to designate the maximum amount an agency can request in its base budget for the next fiscal year (i.e. budget target). The legislative appropriation for the current fiscal year is used as a starting point for computing the CSB budget for the next fiscal year.

The following are typical adjustments made to compute the CSB budget:

- Funds are removed for one-time expenditures.
- Annualizations are made to programs or activities that were not operational for the complete fiscal year.
- Adjustments are made to expenditures that are driven by a formula, caseload, or population change (mandates and entitlements).
- Funds may be added to implement newly enacted legislation, including funding mandates, and to cover the costs of any new facilities that are due to open.
- Funds may also be removed to reflect a change in policy or sunset of statute.
- Multi-year funding commitments are honored.

The CSB, or budget target, for an agency usually only applies to general funds, but certain special funds also receive targets. OBA formulates the CSB for each department and independent agency or component unit as necessary. Some agencies also receive targets at a lower level--usually to reflect mandates, entitlements, or the Governor's initiatives.

OBA implements all target detail via adjustments in the DBM budgeting system, BARS (Budget Analysis and Reporting System). DBM provides agencies with a memo summarizing the target and changes made, and agencies can then review the associated data in BARS.

The target memo also includes the agency's budget submission due date, which is determined to allow DBM to process and review the large magnitude of data entailed with all State agency budget submissions. **Please submit all extension requests to the OBA Executive Director, Nathan Bowen at nathan.bowen@maryland.gov and cc your OBA analyst.** OBA will consider extension requests of **no longer than one week**. Deadlines and extensions are inclusive of any time an agency needs to work through BRS validation errors (i.e., an agency will not be granted additional time after the due date to fix such errors). Should an agency not meet the extension, DBM will take steps to finalize the request on behalf of the agency with the information already submitted in BARS and/or use the FY 2027 target as the FY 2027 budget request. DBM is not required to consider over-the-target requests of agencies with late submissions.

Budget Request and Submission

For situations where there is one CSB figure for the entire agency, the agency head will determine the allocation of the CSB to agency units, whose administrators will in turn reapportion that amount to the various elements and programs within the individual units. Agencies are encouraged to allocate resources through strategic planning to achieve outcome-based results.

Agencies prepare their budgets in accordance with the format and instructions prescribed by the Secretary of Budget and Management in this document.

The budget requests, including detailed explanations, are submitted to OBA in BARS from August through October. This data is submitted along with: 1) actuals for the *prior* fiscal year; and 2) any realignments to the *current* year budget that have a net zero impact, by fund type, on program-level appropriations.

OBA Review, Meetings

Once agencies submit their budget requests to DBM, OBA analysts check submission data for technical flaws (such as negative expenditure amounts or incorrectly budgeted scheduled subobjects) and work with agencies to correct those issues. Then, analysts review the requests, analyze year-to-year changes, and assess any deficiency, over-the-target, and reduction proposals submitted by agencies. Analysts determine if changes should be recommended to DBM leadership. During this time, analysts may ask agencies about spending trends, performance, and other budget-related topics. Analysts are often working on tight schedules during this period, so timely responses are much appreciated.

Once analysts complete their review of agency budgets, they report to DBM management with any recommended changes or requests for agency comment, and DBM collectively finalizes recommendations internally. This may involve inviting agencies to meet with DBM management to discuss an agency's request and DBM's proposed recommendations. In these instances, DBM will provide agencies with a copy of the DBM analysis several days in advance of the meeting. After these meetings, final recommendations are sent to the Governor.

Spending Affordability Committee (SAC)

This committee was established during the 1982 session and is composed of the President of the Senate, the Speaker of the House, Majority and Minority leaders of the Senate and the House, the chairpersons of the four standing fiscal committees, and other members selected by the presiding officers.

The committee must report to the Legislative Policy Committee and Governor by December 20 of each year with recommendations for fiscal goals for the budget to be considered in the next legislative session.

Specifically, this report includes the following recommendations:

- A level of state spending
- A level of new debt authorization
- A level of state personnel
- The use of any anticipated surplus
- End-of-year general fund balance
- End-of-year balance in the Revenue Stabilization Account (aka Rainy Day Fund)
- Structural (aka long-term) balance goal

The SAC examines the following in making recommendations:

- Continuation of current laws
- Recognition of inflation
- Removal of one-time expenses & non-recurring PAYGO
- Identification of deficiencies
- Observation of federal mandates and multi-year commitments

- Funding of prior session legislation
- Recognition of workload changes
- Annualization of program costs
- New facility costs
- Adjustment of employee turnover

Governor's Budget Submission

The State constitution requires the Governor to annually present a balanced budget to the General Assembly shortly after it convenes in regular session. In essence, the figure for the total proposed appropriations shall not exceed the figure for total estimated revenues as determined by the Bureau of Revenue Estimates (i.e., a balanced budget).

Budget Books

The Governor's funding decisions are incorporated into the budget using the BARS system and are characterized as the *Governor's Allowance*. The Allowance, in effect, is the Governor's "request" to the General Assembly to spend that amount of money for the purpose specified.

The allowances, which are set at the program level by fund type, are grouped by department/agency, and then included in a two-volume set of budget books. Digital versions of these books are accessible through the DBM website. Each agency's allowance carries an alphanumeric code, which determines the placement of an agency's budget in the two volumes.

With each allowance is a description of the program for which funds will be appropriated. Information is provided showing what each program spent the previous fiscal year, its current fiscal year appropriation, and the proposed allowance for the upcoming fiscal year. This detail is provided at the spending-object level. For each program, the budget book also shows fund type and fund source data.

Beyond this budget detail in the books, DBM publishes additional information online including (a) goals and objectives of the agency's strategic plan and measures of performance (Managing for Results) and (b) personnel detail that lists each position classification and the number of positions in each class together with the total salary for the previous, current, and next fiscal year.

A separate Budget Highlights book describes key aspects of the budget and the Governor's main priorities.

Budget Bill

The Governor submits the budget bill in accordance with the provisions of Article III, Section 52 of the Constitution of Maryland.

The legislative session formally begins the second Wednesday of January. The budget bill is introduced in each chamber (i.e., the Senate and the House of Delegates) of the General Assembly by the presiding officers on the third Wednesday of January. This date is extended to the tenth day of the legislative session every four years for the newly elected governor.

The budget bill is introduced independently in both chambers, and the first reader (i.e., the bill as printed for the first time with its bill number and committee assignment) includes both bill numbers. One chamber

passes the budget bill first in one year and, by prearranged schedule, the other chamber passes the bill first in the next year.

The budget bill has three major parts:

- 1) The first (and largest) part contains specific appropriations proposed for each unit of state government;

- 2) The second part contains a number of sections that provide certain standard details pertaining to the expenditure of the appropriations contained in the first part. The Legislature can and does amend this section through restrictions on appropriations, across-the-board cuts, re-appropriations of funding cut from elsewhere in the budget, and additional language; and

- 3) The third part of the budget bill is a one-page "Budget Summary Table" showing a summary of the general fund balance, estimated revenues, and expenditures during the current and coming fiscal years.

Budget and Reconciliation Financing Act (BRFA)

Sometimes, the Governor may propose amending existing statute to balance the proposed budget through a BRFA. The BRFA bill is separate from the budget bill but both bills are considered in tandem with one another. The BRFA may seek to balance the budget through the suspension, reduction, or elimination of statutorily mandated funding, or through a change in the State's tax code.

Legislative Session

Supplemental Budget

If the situation arises where the Governor may want to change or increase the budget bill, he can do this through a Supplemental Budget in accordance with State Finance and Procurement Article, Section 7-102 of the annotated Code of Maryland.

The supplemental budget may be used to correct an oversight, fund pending legislation, use unappropriated revenue, or to address an emergency. Supplementals can be submitted any time before the budget bill passes. The Governor can choose to submit one supplemental budget, none, or multiple.

Legislative Review and Enactment

Maryland underwent a major budget process change beginning with the FY 2024 budget. Prior to the FY 2024 budget, the Governor introduced a balanced budget and the General Assembly could only reduce that budget. Starting with the FY 2024 budget, due to the passage of Maryland Question 1 on the 2020 ballot which amended Article II Section 17 and Article III Sections 14 and 52 of the Maryland Constitution, the process is as follows:

- The General Assembly may now increase, reduce, or add to the budget, or restrict funding for different purposes, although restrictions are likely to be less common given their ability to add to the budget.
- The legislature must pass a budget that is equal to or less than the budget proposed by the Governor. Any restricted, or fenced-off, funding is left to the Governor's discretion to release.

- Under the new constitutional amendment, the Governor may issue line-item vetoes on items that the General Assembly added to the budget.
- The General Assembly must still enact a balanced budget.

Shortly after the Governor introduces the budget, the Department of Legislative Services presents a fiscal briefing to the budget committees on the provisions and implications of the Governor's proposed budget. This briefing would include an overview of the BRFA bill, should it exist.

The budget overview presents extensive data concerning expenditures by highlighting new programs and significant program changes introduced in the budget. Additionally, the overview summarizes the positions being created or abolished in the budget.

Budget Analysis - Department of Legislative Services (DLS)

Legislative analysts communicate with the agencies, reviewing the budget request and obtaining information on any expenditure not adequately explained or justified. The budget bill is reviewed by the legislative analysts piece-by-piece, similar to the manner in which the DBM analysts review agency requests.

Legislative Budget Hearings

The budget committees (Senate Budget and Taxation and House Appropriations) hold public hearings on the budget bill following a schedule for various agencies prepared by DLS and approved by the chairmen of both committees. The structure of budget committee hearings has varied from session to session. Hearings may be held in sub-committees, by the chamber's entire budget committee, or jointly between both chambers' budget committees.

Committee/Subcommittee Decisions

After the budget hearings are completed, the decisions concerning the appropriation and expressions of legislative intent and fiscal policy for each agency are determined. The following are the types of decisions that can occur:

- The most prominent form of reduction is the "line-item" reduction. The item being eliminated is specifically identified and the resulting action is applied to the object classification in the program. These reductions are made in the same section where proposed agency appropriations are indicated.

- In some instances, an overall reduction is made to one or more agency's allowance and the specific items or functions to be affected are left to the discretion of the agency or department. This action permits the General Assembly to exercise overall financial control and to set fiscal policy without interfering with the management of the agency. These types of reductions are proposed in separate sections at the back of the budget bill, after the listing of proposed appropriations.

- When the legislature wants to add funding for a particular purpose, it will use funding reduced from elsewhere in the budget and add it back in, along with language specifying the use of the funds. The FY 2024 budget was the first fiscal year the legislature had this authority; these

additions are provided in a separate section at the back of the budget bill rather than in the same part where reductions were made.

- In addition to appropriation changes, the committees also propose language for inclusion in the budget bill placing limitations on the expenditure of funds or expressing legislative intent as to the use of funds. This can take two forms:

    - Fencing, a practice by the General Assembly of restricting the expenditure of appropriated funds to a specific purpose (either in the same program or in another program).

    - Restricted funding, the General Assembly may choose to make certain funding contingent upon agencies completing an action, such as submitting a report (i.e., a JCR report). This funding will not be released until the legislature has reviewed that report, confirmed to DBM that the funding is released, and DBM has notified the General Accounting Division (GAD) in the Comptroller's Office to that effect.

When the budget committees arrive at their final position on the budget bill, the DLS Office of Policy Analysis prepares the respective committee reports. The two reports differ according to which chamber moves the budget bill.

First Chamber Action

When the first chamber's budget committee has completed its deliberation and its report is prepared, the chairman is ready to bring the bill to the floor. This occurs around the end of the ninth week of the legislative session.

Recent practice has been to report the bill out of the committee and then delay the debate (lay the bill over) for two to three days. This additional time permits members to review the recommended amendments and other supporting documentation.

Second Chamber Action

When the bill is received in the second chamber, the bill is referred to the budget committee for review and comment by any member of that committee. The changes made as a result of the action in the first chamber are explained to the committee by DLS.

Committee amendments, which differ from the first chamber amendments, are applied to the bill, and the committee report and reprint of the bill are completed. The bill is brought to the floor for second reading around the end of the eleventh week of the session.

The bill is then laid over to permit time for review and study. If the second chamber does not further amend the budget bill, it is enacted upon passage at this point. However, if the second chamber has amended the bill, the amended bill must be returned to the first chamber. At this point the first chamber must accept the bill as amended, or a conference committee must be called to resolve differences.

Conference Committee

The conference committee is composed of three members of each chamber, and is, by rule, restricted to dealing only with those amendments that have not received concurrence in both chambers. The conference committee recommendations must be accepted in their entirety by each chamber. If they are not, the conference committee must be reinstituted, or another appointed.

Governor's Signature

Following passage of the budget bill by the legislature, the Governor can sign the bill with no revisions or veto specific items changed by the legislature. If the Governor vetoes items, the General Assembly can then vote to override that veto.

Joint Chairmen's Report

The Office of Policy Analysis at DLS prepares the Joint Chairmen's Report detailing every action taken by the General Assembly upon the budget bill and submits the report to the chairmen of both budget committees. Compiling this report usually takes 3 weeks to a month after the budget bill passes.

The report contains an explanation of each budget alteration and statements of legislative policy and intent that were accepted by the General Assembly, and includes the status of the budget as enacted by the General Assembly.

The report is used by each agency to comply with legislative direction in executing its budget and preparing studies or special reports required by the General Assembly.

Fiscal Digest

Once the specific budget changes are identified, OBA, in consultation with the agencies, makes specific adjustments within BARS. In some instances, the General Assembly will make a statewide percentage reduction in an object category and allow the Governor to designate the allocation of the reduction among the state agencies.

Once the adjustments have been allocated, DBM prepares and publishes the Fiscal Digest by the beginning of the fiscal year (July). The digest includes the following:

- Summary of the status of the general funds
- Estimate of revenues for the coming fiscal year
- Details of the appropriations for operating purposes
- A schedule of withheld allotments
- A summary of authorized positions
- A listing of deficiency appropriations for the current fiscal year
- Summary of the enacted capital budget.

The digest consolidates all modifications to each appropriation--changes made by the Governor through supplemental budgets and the changes made by the General Assembly--and reflects the final legislative appropriation.

Other Key Operating Budget Components/Concepts

Board of Public Works

A three-member panel (Governor, Comptroller, and Treasurer) charged with ensuring that significant State expenditures are necessary and appropriate. Specifically, the Board:

- approves the expenditure of all general obligation (GO) bond funds
- approves the expenditure of funds for capital improvements except for State roads, bridges, and highways
- approves the sale, lease, or transfer of State real and personal property
- controls procurement policy, adopts procurement regulations, and approves most contracts exceeding $200,000
- preserves and protects the State's submerged lands, shoreline, and tidal wetlands and issues licenses to dredge or fill wetlands

The Governor can present a Board item that reduces an appropriation (program level) by up to 25% (commonly referred to as “cost containment” or “BPW reductions”).

Contingent Fund

A general fund reserve in the BPW budget available to increase an agency’s appropriation in the event of an emergency or other reason.

- DBM monitors/recommends/controls disbursements from the Contingent Fund. Any use of the fund must be proposed to DBM and DBM prepares the BPW item.
- Upon approval from the BPW, transfers from the contingent fund are made by budget amendment (processed by DBM).

State Reserve Fund

Comprised of the:

- Dedicated Purpose Account, which was created for the purpose of retaining appropriations for multi-year expenditures or to address certain fiscal contingencies.
- Revenue Stabilization Account (Rainy Day Fund), retaining revenues for future fiscal shortfalls.
- Economic Development Opportunity Fund (Sunny Day Fund), established for the purpose of acting on economic development opportunities beyond the capabilities of existing programs.
- Catastrophic Event Fund (Stormy Day Fund), established for the purpose of enabling the State to respond without undue delay to a natural disaster or catastrophic event.

Mandates

A statutory or constitutional requirement that a specific amount be appropriated or a specific formula be used to calculate the appropriation. To truly be a mandate, the legislation must state “shall” (i.e. “the Governor *shall* include XXX in the budget”) and it must be a specific dollar amount or be a formula that is calculable at the time of budget submission in January each year.

Statewide Controlled Subobjects

"Statewides" are charges that apply to most agencies and go towards covering certain statewide costs. Usually, they fund the costs of a central control agency that provides services throughout the State (ex: DBM or the Department of Information Technology (DoIT)). Because DBM needs to ensure that those central control agencies are adequately funded, DBM "controls" their allocation in the budget, making sure that every agency budgets correctly by fund type.

Each of these statewide subobjects has a fee schedule that is determined by various factors, including some that are set in statute. For example, the Annapolis Data Center (ADC) in the Office of the Comptroller is funded by agencies that utilize its mainframe computer services, so the schedule is based on total hours of usage for each agency.

For these statewides, BARS ensures that agencies submit their budget request with exactly what was in the Legislative Appropriation (by agency by fund type). The reason is because if an agency was able to realign funding elsewhere within their budget target, the Administration would have to provide additional funding to make up the difference for the central cost. In other words, these statewide costs are part of what makes up the CSB, and an agency's target assumes that they budgeted the same as the appropriation. However, agencies are able to realign the charges between units/programs/subprograms in their request should they choose so, provided the net amount by fund type does not change.

In late November/early December, DBM updates these statewide schedules to support centralized costs in the Allowance. For example, if ADC requires replacement servers, subobject 0882 (the statewide ADC charge) must increase in other agencies to cover these charges. DBM undergoes the following process:

1. Reaches out to agencies to determine whether the fund types supporting the statewides should change based on the specific fee schedule allocation. In the case of the SRA charge, if more positions in a given agency are now supported by federal funds, it would make sense to increase the federal fund percentage for the 0875 charge.

2. Uses these revised funding splits combined with the updated statewide allocation schedule (i.e., split between agencies) and the Allowance for the central charge to update every agency's charge in BARS. NOTE that BARS automatically increases/decreases these charges based on where funding was in the request, so if an agency wants to realign the charges they should do so in the request or via budget amendment during the fiscal year.

More detail on the allocation process for each statewide controlled subobject is in Section A.1 of Budget Instructions.

I.4 Important Contacts

Please do not hesitate to contact your OBA budget analyst with any questions you have about the budget submission requirements or other issues that arise, as they are your main contact for all questions. If you need specific help regarding an issue listed below, please make sure to **copy your OBA analyst** on any communications with related contacts.

TOPIC	CONTACT	EMAIL
BARS and General Questions	Your OBA Budget Analyst	
Budget Amendments	TDS BA Email	dbm.bawa@maryland.gov
Indirect Cost Recovery/Reversion Reporting	TDS General Email	oba.tds1@maryland.gov
Org Charts		
Pay Plan Adjustments/New Classifications		
Position Reconciliation and Salary Forecast		
Salary Tables		
Vehicle Requests and DA-8 Forms		
DBM Fleet Administration	Joe Consoli	joseph.consoli@maryland.gov
DGS Lease Management	Wendy Scott-Napier	wendy.scott-napier@maryland.gov
DGS Operational Maintenance	Courtney League	courtney.league@maryland.gov
Equipment Financing	Tanya Mekeal	tmekeal@treasurer.state.md.us
FMIS, RSTARS, and Accounting Questions	GAD	gad@marylandtaxes.gov
Local Aid Submissions	Emily Ford	emily.ford@maryland.gov
MFR/Performance Management	Corinne DeFrancisci	corinne.defrancisci@maryland.gov
Personnel Classifications and Other Staffing Matters	OPSB	See OPSB contacts page
SEIF/State Agency Loan Program/Energy Performance Contracts	Mario Sto. Domingo	mario.stodomingo@maryland.gov

A. BUDGET DEVELOPMENT

A.1 Standard Rates and Schedules by Comptroller Subobject

The following tables contain the R*STARS Comptroller Objects (i.e., subobject codes) to be used in the preparation of the FY 2027 budget. If an agency uses agency subobjects and plans to make changes/additions to those crosswalks, please email **oba.tds1@maryland.gov** and copy your DBM analyst with the necessary changes as soon as possible.

Object .01 Salaries and Wages

Code	Title of Comptroller Object	Rates Assumption/ Basis for Calculation
0101	Regular Earnings (i.e., Salaries)	Data in BARS will automatically be updated by Position Reconciliation and any other position adjustments. Can only be adjusted via the Positions tab in BARS.
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	Cost of reclassifying positions (vacant or filled) to different grades and steps. Includes related salary, social security, retirement, unemployment, and turnover values.
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	7.36% to $187,087 + 1.45% of excess of Regular Earnings 0101. Data in BARS will automatically be updated by Position Reconciliation and any other position adjustments. Can only be adjusted via the Positions tab in BARS.
0152	Health Insurance	**Same as FY 2026 appropriation (total funds) at the agency level** Data in BARS will automatically be updated by Position Reconciliation and any other position adjustments. Can only be adjusted via the Positions tab in BARS.
0153	Health Insurance-Special Subsidies	Maryland Department of Transportation (MDOT - J00) only. Budget in accordance with union contract.
0154	Retirees Health Insurance Premiums	**Same as FY 2026 appropriation (total funds) at the agency level** Data in BARS will automatically be updated by Position Reconciliation and any other position adjustments. Can only be adjusted via the Positions tab in BARS.
0155	Sick Leave Incentive Program	**Do Not Budget in FY 2027.**
0156	VSP Payments (FY 2011 only)	**Do Not Budget in FY 2027.**
0157	Other Post Employment Benefits	**Do Not Budget in FY 2027.**
0160	Early Retirement Surcharge	**Do Not Budget in FY 2027.**
0161	Employees' Retirement System	21.87% of Regular Earnings 0101. Data in BARS will automatically be updated by Position Reconciliation and any other position adjustments. Can only be adjusted via the Positions tab in BARS.
0162	Employees' Pension System	**Do Not Budget in FY 2027.** All related costs are budgeted in 0161.
0163	Teachers' Retirement System (A64 not used)	17.56% of Regular Earnings 0101. Data in BARS will automatically be updated by Position Reconciliation and any other position adjustments. Can only be adjusted via the Positions tab in BARS.

Code	Title of Comptroller Object	Rates Assumption/ Basis for Calculation
0164	Teachers' Pension System	**Do Not Budget in FY 2027.** All related costs are budgeted in 0163.
0165	State Police Retirement System	94.81% of Regular Earnings 0101. Data in BARS will automatically be updated by Position Reconciliation and any other position adjustments. Can only be adjusted via the Positions tab in BARS.
0166	Judges' Pension System	51.63% of Regular Earnings 0101. Data in BARS will automatically be updated by Position Reconciliation and any other position adjustments. Can only be adjusted via the Positions tab in BARS.
0167	Mass Transit Administration Pension System	Rate to be determined by MDOT.
0168	Optional Retirement/Pension System (TIAA)	7.25% of Regular Earnings 0101.
0169	Law Enforcement Officers' Pension System	47.03% of Regular Earnings 0101. Data in BARS will automatically be updated by Position Reconciliation and any other position adjustments. Can only be adjusted via the Positions tab in BARS.
0170	Other Retirement Systems	For higher education institutions only.
0171	Other Pension Systems	**Do Not Budget in FY 2027.**
0172	Deferred Compensation Match	**Do Not Budget in FY 2027.**
0174	Unemployment Compensation	0.14% of Regular Earnings 0101. Data in BARS will automatically be updated by Position Reconciliation and any other position adjustments. Can only be adjusted via the Positions tab in BARS.
0175	Workers' Compensation	**Same as FY 2026 appropriation by fund type at the agency level.** Budgeted values are based on most recent actual workers' compensation experience, and DBM will update agency values in December based on FY 2025 actuals plus projected trends and Governor's decisions. Agencies should budget either (a) in one location or (b) based on which subprograms have workers' compensation costs.
0176	Workers' Compensation Reserve Fund	**Do Not Budget in FY 2027.**
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). This is not updated by Position Reconciliation or the Positions tab in BARS—agencies should review rates by subprogram/fund type following POS REC and adjust as necessary using the Turnover and/or Expenditure tab.
0192	DBM Adjustment	**Do Not Budget in FY 2027.**
0193	Health Savings	**Do Not Budget in FY 2027.**
0194	Section 40 Retirement Benefits	**Do Not Budget in FY 2027.**
0195	Section 40 COLA	**Do Not Budget in FY 2027.**
0199	Other Fringe Benefit Costs	Agencies should avoid using this subobject. Discuss with DBM analyst prior to use and be prepared to answer DBM/DLS questions.

Object .02 Technical and Special Fees

Code	Title of Comptroller Object	Rates Assumption/ Basis for Calculation
0201	Honorariums	
0202	Per Diem Payments	
0203	Clerical/Secretarial Support	
0204	Legal Service Support	
0205	Medical Service Support	
0206	Religious Service Support	

Code	Title of Comptroller Object	Rates Assumption/ Basis for Calculation
0207	Social Service Support	
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 $180,017 + 1.45% of excess of Payroll 0220. Adjusted via the Contractuals tab in BARS, and may also be edited on the Expenditures tab.
0214	Unemployment Compensation	0.14% of Payroll 0220. Adjusted via the Contractuals tab in BARS, and may also be edited on the Expenditures tab.
0216	Royalty Payments	
0217	Contractual Health Insurance	**Same as FY 2026 appropriation by fund type at the agency level.** Should be realigned within the agency to align with position detail as necessary. DBM will update agency values in December based on health cost trends and Governor decisions.
0220	Special Payments Payroll (Contractual Employee Salaries)	Can only be adjusted via the Contractuals tab in BARS.
0221	Prizes and Awards to Non-Employees	
0289	Contractual Turnover Expectancy	Turnover rate is calculated as 0289/(0220+0213+0214). This is not updated by the Contractuals tab or the Turnover tab in BARS—agencies should review rates by subprogram/fund type following and adjust as necessary using the Expenditures tab.
0299	Other Technical and Special Fees	Agencies should avoid using this subobject. Discuss with DBM analyst prior to use and be prepared to answer DBM/DLS questions.

Object .03 Communications

Code	Title of Comptroller Object	Rates Assumption/ Basis for Calculation
0301	Postage	1st Class/Standard Letter 73¢.
0302	Telephone	Billed directly by vendors; Same as FY 2025 Actuals for PBX/Centrex if independent.
0303	Telecommunications	Billed directly by vendors; Same as FY 2025 Actuals for PBX/Centrex if independent.
0304	Misc. Communications Charges	Billed directly by vendors; Same as FY 2025 Actuals for PBX/Centrex if independent.
0305	DBM Paid Telecommunications	**Same as FY 2026 appropriation by fund type at the agency level.** Budgeted values are based on radio maintenance contracts, allocated across agencies based on fall radio counts. DBM will update agency values in December. Agencies should budget either (a) in one location or (b) based on which subprograms have radios.
0306	Cell Phone Expenditures	Includes all cellular phones, personal data assistants (PDAs), and tablets.
0322	Capital Lease(s) (Telecommunications)	**Do Not Budget in FY 2027.**
0395	Corporate Purchasing Card	
0397	Paycheck Postage Costs	
0399	Misc Communications	Agencies should avoid using this subobject. Discuss with DBM analyst prior to use and be prepared to answer DBM/DLS questions.

Object .04 Travel

Code	Title of Comptroller Object	Rates Assumption/ Basis for Calculation
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	Refer to State travel regulations for reimbursement amounts.
0404	Out-of-State/Conferences/ Seminars/Training	Includes conference fees, necessary hotels, and other out-of-state travel costs not in 0403.
0495	Corporate Purchasing Card	**Do Not Budget in FY 2027.**
	Private Vehicle Mileage	70¢ per mile
	Meal Allowances	**State Employees & Non-Paid Board**
	Breakfast	$15.00
	Lunch	$18.00
	Dinner	$30.00
	Per Day Maximum	$63.00

Object .06 Fuel and Utilities

Code	Title of Comptroller Object	Rates Assumption/ Basis for Calculation
0601	Fuel - Alcohol	
0602	Fuel - Coal	Be prepared to answer DBM/DLS questions regarding request amount.
0603	Fuel - Oil #2	Be prepared to answer DBM/DLS questions regarding request amount.
0604	Fuel - Oil #3	Be prepared to answer DBM/DLS questions regarding request amount.
0605	Fuel - Oil #6	Be prepared to answer DBM/DLS questions regarding request amount.
0606	Fuel - Natural Gas/Propane	Equal to FY 2025 actual expenditures.
0607	Fuel - Wood	Be prepared to answer DBM/DLS questions regarding request amount.
0608	Fuel - Steam	Be prepared to answer DBM/DLS questions regarding request amount.
0619	Fuel - Miscellaneous	
0620	Utilities - Electricity	Equal to FY 2025 actual expenditures.
0621	Utilities - Water/Sewage	
0622	Utilities - Combined Utility Purchases	
0695	Corporate Purchasing Card	
0697	Maryland Environmental Service (MES) Charges	**Same as FY 2026 appropriation by fund type.** Budgeted values are based on MOUs with MES, and DBM will update agency values in December based on MOU schedules.
0698	Loan Repayment- Energy Conservation	Amount listed in schedule in Appendix 2.
0699	Utilities - Miscellaneous	Agencies should avoid using this subobject. Discuss with DBM analyst prior to use and be prepared to answer DBM/DLS questions.

Object .07 Motor Vehicle Operations and Maintenance

Code	Title of Comptroller Object	Rates Assumption/ Basis for Calculation
0701	Purchase Cost or Lease Cost	Must match provided DA-8 forms at the subprogram/fund type level. See Vehicle and Equipment List in Appendix 3.
0702	Gas and Oil	Passenger Vehicles 19.0¢/mile. Light Trucks & Vans 24.0¢/mile.
0703	Maintenance and Repair	Passenger Vehicles 17.0¢/mile. Light Trucks & Vans 20.0¢/mile.
0704	Insurance	**Same as FY 2026 appropriation by fund type at the agency level.** DBM will update agency values in December based on the current schedule plus Governor's decisions. Agencies should budget either (a) in one location or (b) based on which subprograms support these costs.

Code	Title of Comptroller Object	Rates Assumption/ Basis for Calculation
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 4.
0795	Corporate Purchasing Card	
0799	Other Motor Vehicle Charges	

Object .08 Contractual Services

Code	Title of Comptroller Object	Rates Assumption/ Basis for Calculation
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 $0.75 per pound.
0816	Housekeeping	
0817	Legal Services	
0818	Purchase of Care Services	
0819	Education/Training Contracts	
0820	Medical Care (Physicians Dental, Etc.)	

Code	Title of Comptroller Object	Rates Assumption/ Basis for Calculation
0821	Management Studies and Consultants	
0822	Hospital Care	
0823	Security Services	
0824	Laboratory Services	
0825	Veterinarian	
0826	Freight and Delivery	
0827	Trash and Garbage Removal	
0828	Office Assistance	
0829	Fiscal Service	
0830	Medical Assistance Reimbursements	
0831	Office of Administrative Hearings (OAH) Allocation	**Same as FY 2026 appropriation by fund type at the agency level.** Budgeted values are based on most recent OAH caseload experience, and DBM will update agency values in December based on FY 2025 actual caseloads plus Governor's decisions. Agencies should budget either (a) in one location or (b) based on which subprograms experience OAH cases.
0832	Education & Training Reimbursement - Job Related	
0833	eMaryland Marketplace	**Do Not Budget in FY 2027.**
0834	Sign Language Interpreter Services	
0835	Administrative Allocations	
0836	Human Services - Other Fee-for-Service	
0837	Translation and Interpretation Services	
0838	Other Human Services	
0839	DBM Human Resources Shared Services Allocation	**Same as FY 2026 appropriation by fund type at the agency level.** Budgeted values are based on the number of PINs in agencies using DBM HR services, and DBM will update agency values in December based on Governor's decisions. Agencies should budget either (a) in one location or (b) based on which subprograms use DBM services.
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)	

Code	Title of Comptroller Object	Rates Assumption/ Basis for Calculation
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 (OAG) Allocation	**Same as FY 2026 appropriation by fund type at the agency level.** Budgeted values are based on AAG staff counts in agencies, and DBM will update agency values in December based on Governor's decisions. Agencies should budget either (a) in one location or (b) based on which subprograms have AAGs.
0875	State Retirement Agency (SRA) Allocation	**Do Not Budget in FY 2027.**
0876	Department of Information Technology (DoIT) Services Allocation	**Same as FY 2026 appropriation by fund type at the agency level.** Budgeted values are based on DoIT services used by agencies, and DBM will update agency values in December based on the current service schedule plus Governor's decisions. Agencies should budget either (a) in one location or (b) based on which subprograms use DoIT services.
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	Annapolis Data Center (ADC) Allocation	**Same as FY 2026 appropriation by fund type at the agency level.** Budgeted values are based on agency actual ADC usage, and DBM will update agency values in December based on FY 2025 actuals plus Governor's decisions. Agencies should budget either (a) in one location or (b) based on which subprograms use the ADC.
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 (SPS) Allocation (i.e. Workday)	**Same as FY 2026 appropriation by fund type at the agency level.** Budgeted values are based on PIN counts and agency usage of Workday, and DBM will update agency values in December based on Governor's decisions. Agencies should budget either (a) in one location (preferred) or (b) by unit/program/subprogram based on PIN counts.
0895	Corporate Purchasing Card	

Code	Title of Comptroller Object	Rates Assumption/ Basis for Calculation
0897	Enterprise Budgeting System Allocation	**Same as FY 2026 appropriation by fund type at the agency level.** Budgeted values are based on the number of units in each agency, and DBM will update agency values in December based on Governor's decisions. Agencies should budget either (a) in one location (preferred) or (b) by unit.
0898	Data Processing-Other Contractual Services-DP	
0899	Other Contractual Services Non-DP	Agencies should avoid using this subobject. If the agency does budget in 0899, please label using a specific Contract/Grant Name and Description on the Contract/Grants tab in BARS so DBM/DLS knows what the grant is for.

Object .09 Supplies and Materials

Code	Title of Comptroller Object	Rates Assumption/ Basis for Calculation
0901	Agriculture	
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		
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	Agencies should avoid using this subobject. Discuss with DBM analyst prior to use and be prepared to answer DBM/DLS questions.

Object .10 Equipment Replacement

Code	Title of Comptroller Object	Rates Assumption/ Basis for Calculation
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)	Amounts in the Treasurer's Lease Purchase Program. See Appendix 5.
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	
1041	Capital Lease(s)- Payment(s) to Treasurer (DP)	Amounts in the Treasurer's Lease Purchase Program. See Appendix 5.
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	Agencies should avoid using this subobject. Discuss with DBM analyst prior to use and be prepared to answer DBM/DLS questions.

Object .11 Equipment Additional

Code	Title of Comptroller Object	Rates Assumption/ Basis for Calculation
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)	Amounts in the Treasurer's Lease Purchase Program. See Appendix 5.
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)	Amounts in the Treasurer's Lease Purchase Program. See Appendix 5.
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	Agencies should avoid using this subobject. Discuss with DBM analyst prior to use and be prepared to answer DBM/DLS questions.

Object .12 Grants, Subsidies, and Contributions

Code	Title of Comptroller Object	Rates Assumption/ Basis for Calculation
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	**Do Not Budget in FY 2027.**
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 avoid using this subobject. If the agency does budget in 1299, please label using a specific Contract/Grant Name and Description on the Contract/Grants tab in BARS so DBM/DLS know what the grant is for.

Object .13 Fixed Charges

Code	Title of Comptroller Object	Rates Assumption/ Basis for Calculation
1301	Rent (non-DGS)	Can only be adjusted via the Real Estate Lease tab in BARS.
1302	Insurance Coverage Paid to STO	**Same as FY 2026 appropriation by fund type at the agency level.** DBM will update agency values in December based on the current schedule plus Governor's decisions. Agencies should budget either (a) in one location or (b) based on which subprograms support these costs.
1303	Rent Paid to DGS	**Same as FY 2026 appropriation by fund type at the agency level.** DBM will update agency values in December based on the current rent schedule plus Governor's decisions. Agencies should budget either (a) in one location or (b) based on which subprograms support the rent costs.
1304	Subscriptions	
1305	Association Dues	
1306	Bond Payments	
1307	Interest	
1308	Licenses	
1309	Insurance (Non STO Payments)	Insurance coverage payments not paid to the State Treasurer's Office.
1310	Interest on Late Payments	
1311	Interest on Treasury Cash Overdrafts	
1312	Interest on Treasury Deposits	

Code	Title of Comptroller Object	Rates Assumption/ Basis for Calculation
1320	Bad Debt Expense	
1391	Sales Tax	
1395	Corporate Purchasing Card	
1399	Other	Agencies should avoid using this subobject. Discuss with DBM analyst prior to use and be prepared to answer DBM/DLS questions.

Object .14 Land and Structures

Code	Title of Comptroller Object	Rates Assumption/ Basis for Calculation
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	Agencies should avoid using this subobject. Discuss with DBM analyst prior to use and be prepared to answer DBM/DLS questions.

A.2 Starting Point - Understanding Agency Targets

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.

When agencies first access their data in BARS to begin the FY 2027 budget submission, the following are the starting points for that data.

- FY 2025 Actuals (Prior Year or PY). The starting point for FY 2025 actual expenditures will be the FY 2025 working appropriation, excluding any closing amendments. There will be no direct connection to FMIS data.

- FY 2026 Appropriation (Current Year or CY). When agencies first access their CY data in BARS, it will be the FY 2026 Appropriation plus any approved and processed budget amendments. As budget amendments are now a separate, ongoing process in BARS, the primary CY adjustments that agencies will make during budget submission are deficiencies.

- FY 2027 Request (Budget Year or BY). The baseline will consist of (a) the FY 2026 Legislative Appropriation plus (b) any statewide personnel actions that happen during FY 2026 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 sunsetting, or other management decisions. Even after work in BARS has started, agencies can always view this baseline by viewing the FY 2027 Target Stage in BARS reports or ad hoc.

In BARS, we reference BY "targets" in two ways:

- The overall CSB target, which is the total general fund and/or special fund target (i.e. cap) for the agency's entire budget submission. This is provided to the agency in the official target memo and is what DBM has historically referred to as the agency's budget target. The budget submission in BARS will validate to ensure the request does not go over this target amount.

- 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 and at the mandated level.

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.

A.3 Budget Development Guidance

Any questions concerning submission requirements should be referred to your assigned OBA analyst.

In BARS—the statewide solution for budget development and analysis—agencies submit adjustments against the baseline budget (mostly based on the prior year's) 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.

A.3.1 First Step: Chart of Accounts Data Changes

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.** Agencies are encouraged to review their agency's units, programs, subprograms, or agency subobjects in BARS through the Agency Administration - COA Maintenance tab. Note that DBM will not process 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 for 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. **New/Revised Subprograms** – An agency approver can add new or revise existing subprograms in BARS using the Agency Administration – COA Maintenance – Maintain Sub-Program module. When complete, the user should e-mail **oba.tds1@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 Technical Data and Systems Team (TDS) will reply by email when updated and approved in BARS.

2. **New/Revised Agency Subobjects** – An agency approver can edit agency subobjects options in BARS using the Agency Administration – COA Maintenance – Maintain Agency Sub-object module. An agency subobject must be unique to only one comptroller subobject. When complete, the user should e-mail **oba.tds1@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 TDS team will reply by email when updated and approved in BARS.

3. **New/Revised Units and Programs (OBA Only in BARS)** – Agencies can submit requests via email for COA changes 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 (codes and full names as they would appear in the budget books) by e-mail to **oba.tds1@maryland.gov** and CC the OBA budget analyst. If it is a program that is added or revised, please also include a program description for the budget book. Make sure to include in the email an explanation of the reason for the changes. The TDS team will reply by email 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.3.2 General Budget 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?

A.3.3 Common Strategies for Development

Averages: When determining the budget for some subobjects, it may make sense to budget the average of the last three completed fiscal years. Averages can be applied to recurring expenditures that are not controlled statewide 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. Note: if subobject spending was affected by the COVID-19 pandemic (such as travel), consider looking back to pre-pandemic fiscal years.

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. Click on the link to Table 1.1.9 and scroll down to State and Local (line 26).

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 spending in other areas if necessary. This should include contracts that are multi-year commitments.

A.3.4 Into BARS: Submission Methodology

Agencies should view the baselines in BARS for each FY (request year, current year, and prior year) and then make adjustments to update their actuals and finalize the FY 2027 request. Agencies with approved reorganizations should contact their OBA analyst for guidance.

While DBM is providing some basic guidance and ideas for how to approach the budget request, we recognize each agency will complete the request in BARS differently. We are providing one possible

approach below. We encourage you to share best practices as you work in the system so we can continue to refine and improve the guidance we provide over time. For more detailed guidance on BARS, please see the user guides and instruction videos on DBM's website.

Overall, the process entails: (1) moving and changing position details as necessary for FY 2027; (2) updating actuals information for FY 2025 in BARS which will help an agency to determine their non-salary and fringe needs for FY 2027, (3) adjusting Supporting Detail (SD) information in BARS for contractual employees, contracts/grants, and real estate leases, and (4) adjusting all types of expenditures not handled on the SD tabs.

Smaller agencies may be able to handle this process with one adjustment per fiscal year, plus any Position Reconciliation adjustments (released prior to the BRS, more on this below). However, larger agencies will likely need to split up their adjustments by type of data (one for each type of SD information) and/or Chart of Account values (by unit, program, subprogram).

1. **Move and Change Position Details**

As outlined in an email to agencies on July 3, 2025, OBA implemented a new Position Reconciliation (POS REC) process for FY 2027. Please see the separate Position Reconciliation Guide for a reiteration of that email and the actions that OBA has already implemented on agency position data prior to agency access to BARS.

Following OBA's actions, agencies are required to:

- Zero out any negative amounts in 0192, where OBA placed the impact of any GF increases that resulted from POS REC
- Move positions within their budgets and change position details. As outlined in the POS REC guide, OBA will have already copied Class, Grade, and Step from Workday. At this stage, agencies will be able to use the position reconciliation adjustment type to move and change positions as necessary up until they submit their budget in BARS by their due date. **However, agencies must be sure to release those position reconciliation adjustments prior to starting to finalize submission since this type of adjustment does not go through the Budget Request Submission (BRS) module.**

2. **Update the Prior Year (PY) Actuals Data**

As feasible, agencies should balance actuals data in BARS to expenditures reported in FMIS, as shown in DAFR 6000 and G200 reports (expenditures plus encumbrances). Agencies are encouraged to use this as a guide, but the Chief Financial Officer (CFO) or Budget Director will know best what the final numbers should look like from a budget perspective. DBM will be reviewing actuals data to ensure that submitted BARS values match the DAFR 6000 at the program/fund type level.

For reporting actual spending on contractual positions (subobject 0220), contracts (Object 08), grants (Object 12), and non-DGS real estate (subobject 1301), agencies should prepare SD tab adjustments as noted below and instructed in this document.

3. Contractual Positions

Contractual position data must be entered into BARS on the Contractual Supporting Detail (SD) tab, which in turn must match Expenditure (budget) data across all three years. Key concepts regarding the use of this tab, which was developed to meet Department of Legislative Services (DLS) requirements:

- Included Data. BARS requires every budgeted contractual to have a specific budgeted location at the subprogram/fund type level, a class code, and a helpful description describing the work being performed. Multiple FTEs with the same subprogram/class code/fund type combination are merged into one line, so please include a description of the work of each FTE in the one row.

- FTE/Salary Validation. DBM asks that agencies ensure a ratio of at least 1.00:$28,800, as anything below that would be below minimum wage and therefore incorrect.

- Actuals. Contractual actual FTEs are reported based on how much of the year the position was filled, not the budgeted FTE amount. For example, if a contractual was budgeted for $40,000 per year at 1 full-time-equivalent (FTE) but was only filled for a quarter of the year and paid $10,000, then BARS should have 0.25 FTE for that position in the actuals.

- Other Years. Adjust FY 2027 as necessary to reflect revised needs since the previous budget request. Agencies are not required to make changes to the Current Year.

4. Contracts/Grants

Funding for contracts and grants (objects 08 and 12) must be entered into BARS on the Contract/Grant SD tab, which in turn must match Expenditure (budget) data across all three years. Key concepts regarding the use of this tab, which was developed to meet DLS requirements:

- Included Data. Duration, total contract cost, description, and an easily-identifiable name indicative of the purpose (not simply the vendor name). Agencies are required to provide this information, along with descriptions of the contracts and grants that describe their purpose and utility, through the Maintain Contracts and Grants module in BARS

- Process. Begin by making adjustments in the Contracts/Grants SD tab against the rollover FY 2025 appropriation (for FY 2025 Actuals). Continue by planning funding changes for existing contracts and assessing needs versus the FY 2026 legislative appropriation (which rolled over to become the FY 2027 target). If new contracts are needed or existing ones require different names/descriptions/etc., first utilize the *Maintenance* module in BARS. Small agencies may be able to complete this process in one work item per fiscal year, while large agencies are encouraged to break down contracts into smaller units for ease and performance in the system. Keep in mind anticipated fund split changes, and track differences against the target using resources provided by the budget system and DBM. Please be mindful of using the appropriate object 08 subobject and do NOT use 0899 “Miscellaneous” unless absolutely necessary.

5. Non-DGS Real Estate Leases

Funding for non-DGS leases (comptroller subobject 1301) must be entered into BARS on the Real Estate SD tab, which in turn must match Expenditure (budget) data across all three years. Similar to the Contracts/Grants process, agencies should have accumulated a list of real estate leases that have a specific

duration, total cost, description, name, and cost of the lease. This list should be reviewed and edited as necessary using the Maintain Real Estate Leases module prior to the agency working on their 1301 submission in BARS adjustments. Make necessary adjustments in FY 2025 to reconcile to the actuals, and make changes where necessary in FY 2027.

6. All Other Expenditures

Agencies use the Expenditures tab to allocate funds against non-Personnel 01 subobjects, non-Contractual salary 02 subobjects, and Object 03, 04, 05, 06, 07 (including 0701), 09, 10, 11, non-lease 13, and 14 subobjects. Agencies should consider inflation rates, effects of the rollover from the previous fiscal year, and all specific programming that is included in the rollover and necessary in order to fund the agency within the target for FY 2027.

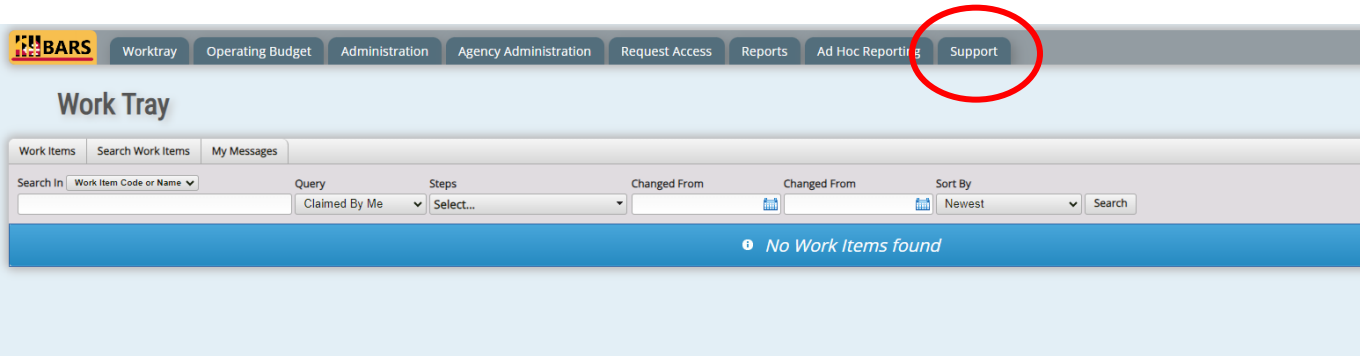
Use the Export/Import feature with formulas if you are more comfortable inputting whole numbers while working on the budget request instead of adjusted numbers.

- This can also help agencies quickly budget the average of three years of actuals or some other calculated budgeting methodology in their request.
- Again, the data uploaded into the "Expenditures" tab must reconcile to the SD tabs for contractual positions, contracts/grants, and non-DGS leases.

Additional best practices can be found in Section B.1, and additional guidance can be found in Section B.6.

7. Finding Guides in BARS

In addition to being on DBM's website, guides can be found under the "Support" button in BARS.



8. Budget Amendments

Budget amendments needed to realign (between programs) or increase current year non-General Fund appropriations must be submitted to DBM in BARS, not in the old non-BARS form. See DBM's budget amendment guidance on the Budget Instructions webpage for more information.

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 salaries using the subobject 0101 (this process will occur during the new 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 contractuals. 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 the most recent legislative appropriation.
- When budget developers build their salary and fringe budgets, they should include the following considerations: 1) will the agency be reclassifying individual employees?; 2) will the agency be converting contractual employees to permanent employees?; and 3) 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 (BARS will validate this, so the agency should ensure this is correct to avoid validation errors).
- These specific subobjects are 0175, 0217, 0305, 0322, 0697, 0704, 0831, 0833, 0839, 0874, 0876, 0882, 0894, 0897, 1302, and 1303.
- Other controlled subobjects that must be budgeted according to guidance in Section A.1 include 0698 and Capital Lease Payments to Treasurer (1021, 1041, 1121, and 1141).

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 non-discretionary language that the Governor "*shall*" appropriate a specific expenditure amount or budget formula. Agencies should not include funding for new laws that do not include a true mandate (such as those that only include "intent" budget language), unless they are able to include the funding within the target. Alternatively, agencies may request this funding in an over-the-target request.

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). Please see the separate Position Reconciliation Guide for a reiteration of that email and the actions that OBA has already implemented on agency position data prior to agency access to BARS.

Following OBA's actions, agencies are required to:

- Zero out any negative amounts in 0192, where OBA placed the impact of any GF increases that resulted from POS REC
- Move positions within their budgets and change position details. As outlined in the POS REC guide, OBA will have already copied Class, Grade, and Step from Workday. At this stage, agencies will be able to use the position reconciliation adjustment type to move and change positions as necessary up until they submit their budget in BARS by their due date. **However, agencies must be sure to release those position reconciliation adjustments prior to submission since this type of adjustment does not go through the Budget Request Submission (BRS) module.**

OBA provides the following guidance regarding position realignment between programs:

FY 2027: See above.

FY 2026: DBM will limit FY 2026 adjustments to material changes such as DBM-approved reorganizations. Agencies may only realign positions between programs through a FY 2026 budget amendment adjustment so that Object 01 position and budget data reconcile. Contact your DBM analyst if you want to implement a FY 2026 position realignment – DBM discourages mid-year reorganizations.

FY 2025: DBM will limit FY 2025 adjustments to material changes such as DBM-approved reorganizations. DBM will provide separate guidance in August for completing the FY 2025 Central Payroll Bureau (CPB) actual expenditures and FTE counts.

Salary Tables for the FY 2027 Budget

Refer to Appendix 1 for salary rates.

- The salary schedule effective July 1, 2025 is the basis for FY 2027 salaries in BARS and incorporates:
  - Cost of Living Adjustments (COLA) of 1% as of July 1, 2025
  - Annualization of FY 2026 increments as of July 1, 2025 and January 1, 2026 for employees who are represented by eligible bargaining units

- **For FY 2027, DBM will provide funding in the DBM Allowance budget for any FY 2027 salary adjustment for COLA and employees who are represented by eligible bargaining units. For positions supported by general funds, additional general funds will be provided. For non-general fund positions, the agency will need to use non-general funds to cover the increased cost.**

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 fringes in the correct subobject per the detailed guidance on fringe calculations 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. 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.

COVID-19 Salary Costs - Comptroller Subobject 0125

REMINDER: **The FY 2027 budget submission should only include federal relief funds as part of the agency base budget request from ARPA (fund type 45) for FY 2027.** The FY 2025 actual expenditures may include expenditures related to all three bills (fund types 25, 35, and 45). For additional guidance, please contact your OBA budget analyst.

BARS validation requires that the salary position data by fund type must reconcile to the expenditure data by fund type. To the extent that positions are supported by COVID-19 funding, the salary data would need to be linked to fund 25 (CARES), 35 (CRRSAA), or 45 (ARPA) to reflect COVID-19 federal funding depending on which stimulus bill the funding came from. This would be time-prohibitive for agencies. 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.
Use of 0125 does not apply to higher education institutions.

More specifically, in the agency Position detail grid within BARS, related positions will remain funded by standard federal funds (fund 05). Therefore, the Expenditure grid (which must match Positions) funding will have fund 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 (CRRSAA), or 45 (ARPA). Example:

- Two positions in a subprogram are to be supported by ARPA funding, fund source 11.111e.
- On the Positions 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 2026, 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 may be asked to provide supporting information that outlines the computation of these other earnings subobjects.

A.4.3 Additional Position Requests - Object 01

Given the State's fiscal situation and the position reductions taken by the General Assembly through the FY 2026 budget cycle, requests for additional staff are unlikely to be approved in FY 2027. In addition, requests for new positions will not be seriously considered in agencies where there are persistently vacant positions.

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 should 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 January. The BARS adjustment requires R*STARS location, number of positions (decimal equivalent), class code, step, increment month, retirement code, fund type percentage and justification. Contractual conversions should be budgeted no greater than one step above the grade/step of the current contract.

Any request for additional positions will be evaluated using the following criteria:

- 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 requesting 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.

Contractual Conversions

During the fall 2023 negotiations, the State and AFSCME agreed to language that requires the State to cease hiring new contractual employees into classifications that are assigned to AFSCME bargaining units, effective July 1, 2024, **unless**:

- The individual is hired pursuant to a short-term grant or for a defined temporary project (defined as 24 months or less).
- The hire is short-term (i.e., 12 months or less) on an emergency basis to a nonrenewable contract.
- The individual is a State retiree.
- The percentage employed is less than fifty percent (50% FTE).

Although this obligation is expressly stated only in the MOU for bargaining units A, B, C, D, F, and H, agencies should examine all existing long-term contractuals, move them into vacant regular PINS where possible and, if sufficient vacancies do not exist, consider submitting a Contractual Conversion Over-the-Target request wherein new positions are requested to replace contractual employees (subobject 0220).

A.4.4 Pay Plan Adjustments/Annual Salary Review and New Classifications

The Moore-Miller Administration intends to emphasize the allocation of budget resources toward across-the-board increases for State employees in order to continue progress on improving the competitiveness of our salaries overall rather than emphasizing individual classification upgrades or Annual Salary Reviews (ASRs). Agencies are advised, therefore, to limit to a significant extent any Pay Plan Adjustments/ASR requests to those that are deemed absolutely critical for state operations. Significant analysis will be required to substantiate any such requests.

Agencies must complete DA-25A and DA-25B forms (found here) when requesting a salary adjustment to one or more job classifications or the creation of one or more classifications in FY 2027. Agencies should submit these requests **in priority order no later than September 1, 2025** (earlier than the agency's budget request in order to facilitate negotiations) **to oba.tds1@maryland.gov,** copying OBA analyst**.** Agencies do not need 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.

If salary adjustments are approved by DBM and the Governor and successfully negotiated with any relevant collective bargaining unit, DBM will include related funding in the DBM budget at the time the

Governor submits the Allowance. If approved by the General Assembly, DBM 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.

A.4.5 Reorganizations

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 OBA approval. **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).** Proposals should be sent directly to the OBA analyst for review of funding and organizational design.

DBM is no longer accepting reorganization requests for FY 2026. For FY 2027 reorganizations, agencies should submit reorganization requests **no later than September 1, 2025**. If the proposed reorganization is approved, the new account code structure can be implemented within Workday and FMIS effective July 1, 2026. 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 the next fiscal year.
5. Designation of where the funds for any additional costs in the next fiscal year will come from.

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.

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 are hired for a specific project or time period. Agencies must use the Contractual Positions Supporting Detail (SD) tab within BARS to enter contractual positions for FY 2027.

BARS will collapse contractual position lines of the same class code into a single line within each chart of accounts down to the fund type by 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 2026 to the Budget Year (BY) in FY 2027, as well as any necessary edits to the Prior Year (PY) actuals in FY 2025. 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 2026) and should not be funded in FY 2027.

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.

Section A. 1 provides detailed guidance on contractual fringe calculations. However, turnover has specific nuances that require 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 for comptroller object 0289. Each agency should budget contractual turnover based on the agency's turnover rate for permanent positions plus an additional 4.61% to account for a "reasonable" vacancy rate for the 12 annual holidays that contractual employees will not receive compensation for in FY 2027. For example, if the vacancy rate for permanent positions in a given program is zero, 4.61% should be the contractual turnover rate, since those employees will not receive compensation for the 12 holidays. If the vacancy rate for permanent positions is 5%, contractual turnover should be 9.61%.

A.5 Budgeting for Operations (Non-Personnel)

Much of the information needed to determine correct budgeted amounts for object 03 - 14 can be found in Section A.1 of this document. This section provides information regarding certain subobjects that warrant additional information.

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 70 cents per mile.

Note that the mileage reimbursement rate is tied to the Federal reimbursement rate which 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:	$15.00
Lunch:	$18.00
Dinner:	$30.00
Maximum per day:	$63.00

Please refer to the State travel regulations on the DBM website for further guidance, including information regarding out of state travel.

A.5.2 Fuel and Utilities - Object 06

Calculations for fuel and utilities generally reflect a historically-based usage projection multiplied by a rate or the FY 2025 actual adjusted by an inflation rate. Agencies should include any necessary adjustments related to space utilization in the calculation.

Inventory of Buildings: Agencies should calculate fuel and utilities based on the square footage of each building served and be able to provide that data on a line-item level (i.e. "Gas heat/electricity for X square feet for Field Office in Cumberland") upon request. This data does not need to be entered into BARS.

University System of Maryland (USM) Institutions: Due to the specific energy usage changes and needs of each institution, USM should utilize its own electricity and natural gas projections for FY 2027.

MES Charges: If an agency is working in 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 Mario Sto. Domingo at mario.stodomingo@maryland.gov as soon as possible.

Fuel – Natural Gas/Propane (0606): Agencies that use natural gas procured by the Department of General Services (DGS) should level fund the FY 2027 request with the FY 2025 actual expenditures, except for University System of Maryland (USM) institutions.

Utilities – Electricity (0620): Agencies consuming electricity procured by DGS should request FY 2027 funding in line with the FY 2025 actual expenditures, except for University System of Maryland (USM)

institutions. Due to specific energy usage changes and needs at each institution, USM should utilize its own electricity projections for FY 2027.

No state agency may purchase electricity in the State's competitive electric utility market until DGS and the Maryland Energy Administration ensure that the purchase is consistent with the State's strategy.

Loan Repayment - Energy Conservation Project/State Agency Loan Program (0698): Agencies can find the schedule for EPCs and SALP as of June 2025 in Appendix 2. If an agency plans to initiate a new EPC and/or SALP loan, the amounts on the schedule should be increased. If the request deviates from the schedule in Appendix 2, agencies should be prepared to explain how the request is derived and why it differs from the schedule. Questions about the appendix should be directed to Mario Sto. Domingo at mario.stodomingo@maryland.gov.

A.5.3 Motor Vehicle Operations and Maintenance - Object 07

The budget process is the most appropriate method for requesting vehicles versus "out-of-cycle" requests.

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 2027 budget request for vehicles with a **DA-8 form**, in Excel format, described in additional detail later in this section.

As a reminder, as part of the Government Modernization Initiative, launched by the Governor via Executive Order 01.01.2025.08 in January, agencies worked with DBM to validate vehicle usage data and identify underutilized vehicles for disposal. In line with this utilization analysis, the approval for a number of vehicles initially budgeted in the FY 2026 Governor's Allowance and FY 2026 legislative appropriation was revoked. Agencies should keep this analysis in mind when developing FY 2027 requests and should contact their OBA analysts with any questions.

Electric Vehicles
In FY 2026, 50% of vehicles purchased for the State Fleet must be electric vehicles (zero-emission vehicle (ZEV) equivalent). This requirement will remain at 50% in FY 2027. As a result, the DA-8 form includes two columns where agencies must indicate whether the vehicle being replaced can be a ZEV, and a justification for any non-ZEV requests.

Due to the current fluctuations in the estimated purchase price for ZEVs, agencies are instructed to budget for and request gasoline vehicles. DBM, in consultation with the Department of General Services (DGS), will determine which vehicles will be replaced with ZEVs. The price difference between the ZEV and the gasoline-powered vehicle will be paid by DBM utilizing funding from the Strategic Energy Investment Fund (SEIF).

- Note that the justification for requesting a non-ZEV should NOT be related to the availability of charging infrastructure. DGS will consider all requests, including those at leased facilities, to determine what charging infrastructure can be implemented in FY 2027. The exception to this rule is take-home vehicles, which are not being considered for ZEV replacement at this time.
- DBM Fleet expects that ZEV equivalents will be available for all vehicle sizes and classes up to a ½ ton pick-up (6-C).

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 2026 and/or the vehicle is ten (10) years old or older. However, both standards are only indicators that a vehicle may be replaced; 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 the existing agency SUV fleet cannot be realigned to meet the need.
- Detailed explanation proving that purchasing a smaller or alternative type of vehicle 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 3. 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 4. Agencies should be prepared to provide justification for any deviation in price and trade-in value from those provided in this table.

DA-8 Detail Requirements
Each agency must fill out all sections of the DA-8 for replacement or additional vehicles for FY 2027, but not for prior year budgeted vehicles. The DA-8 must match the BARS submission total amount for new vehicle purchases (0701 or similar subobject) by subprogram by fund type.

As noted earlier, agencies must indicate if the requested vehicle can be a ZEV. Lack of charging infrastructure should NOT preclude an agency from requesting ZEVs except for take-home vehicles. Any vehicle on a DA-8 that is not marked as being a possible ZEV MUST include a justification for the request for a gasoline powered vehicle. To assist with the ZEV selection process, agencies must also provide:

- Daytime Location (Full Address)
- Nighttime Location (Full Address)
- Does Parking Location have 24/7 public access?

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	

Each agency should also 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 of one type are being replaced with a different vehicle type.

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" columns in the DA-8 form to indicate the price and detail for those purchases.

Out-of-Cycle Vehicle Requests
When an agency submits an out-of-cycle (OOC) vehicle request to DBM Fleet, agencies will be required to submit, on official agency letterhead, a certification of funding availability for purchase. This must be signed by the Agency Head/Chief Fiscal Officer/Official Designee.

A.5.4 Contractual Services- Object 08

BARS Detail
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. This is done using a combination of the Contract/Grants tab in adjustments and the Contract/Grant Maintenance module in BARS. The following rules should be used when labeling contracts in BARS, based on DLS reporting requirements:

- Each contract <u>greater than</u> $50,000 must be labeled separately with a specific contract name (i.e. not "Miscellaneous").
- Even if a given contract spans multiple subprograms or fund types, the data lines across those subprograms and/or fund types should be labeled consistently with that contract name.
- If contracts are <u>less than</u> $50,000, they should be combined into one line for each subprogram/subobject/fund type combination with "Miscellaneous" or "Miscellaneous Contract" as

the contract name. For example, if an agency has four printing contracts that each amount to $30,000 but total to $120,000 in a given subprogram, they should be labeled as Miscellaneous in BARS and budgeted under comptroller subobject code 0804 (printing).

- Agencies should avoid budgeting any Miscellaneous expenses in subobject 0899, because then DBM/DLS has no context as to what the expenses are for. Be prepared to explain the detail behind any items budgeted under 0899.

Exceptions can be made for the $50,000 threshold. Agencies should touch base with their OBA analyst if they believe they require exceptions.

Agencies should be prepared to provide justification regarding contractual services, explaining how larger shifts in costs were determined. Examples may include:

- Planned actual costs 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.

For more information regarding how to use the Contract/Grants tab and the Contract/Grants Maintenance module, please see related user guides on the Budget Instructions page of DBM's website.

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

Section 27 of the FY 2026 Budget Bill requires State agencies and public institutions of higher education to report to DBM by August 1, 2025 on any interagency agreements in place for any part of FY 2025 between them **in which total expenditures exceed $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 27 also requires agencies and institutions to receive approval from the Secretary of DBM before entering into any new higher education agreements in FY 2026 **in which total expenditures may exceed $500,000**.

For additional information on reporting requirements, please refer to the reporting requirements on the DBM website.

For additional information on the approval of contracts that exceed $500,000, please refer to the DBM website as well.

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. For food and supplies for food preparation, select the "Food (Related)" category.

Agencies should be prepared to justify food requests - 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)
Agencies should be prepared to provide itemized justifications for requests for replacement and additional equipment. According to State law, agencies shall purchase equipment and furniture from Maryland Correctional Enterprises whenever possible, found here.

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."
The Department of Information Technology has master contracts for computer equipment, found here. In addition, see Appendix 6 for more information regarding computer equipment prices as well as information on the technical definitions of various Comptroller Objects.

The schedule for payments of equipment purchased through the State Treasurer's Office Master Equipment Lease Purchase Program can be found in Appendix 5. The schedule should be used to derive

the amount to be budgeted in Comptroller Objects 1021, 1041, 1121, and 1141 (Capital Lease Payments to Treasurer).

A.5.6 Grants, Subsidies, Contributions - Object 12

Agencies are responsible for providing grant detail for each year with the agency budget submission for all object 12 expenditures, including detailed descriptions that outline the purpose of the specific grant. This is done using a combination of the Contract/Grants tab in adjustments and the Contract/Grant Maintenance module in BARS. Overarching rules for labeling grants in BARS, based on DLS reporting requirements:

- Each grant greater than $50,000 must be labeled separately with a specific grant name (i.e. not "Miscellaneous").
- Even if a given budgeted grant spans multiple subprograms or fund types, the data lines across those subprograms and/or fund types should be labeled with that one grant.
- If grants are less than $50,000, they should be combined into one line for each subprogram/subobject/fund type combination with "Miscellaneous" or "Miscellaneous Grant" as the grant name.
- Agencies should avoid budgeting any Miscellaneous expenses in subobject 1299, because then DBM/DLS have no context as to what the expenses are for. Be prepared to explain the detail behind any items budgeted under 1299.

Exceptions can be made for the $50,000 threshold, particularly if other chart of account labels (i.e., subprograms and related descriptions) help users identify the purpose of grant funding. Agencies should touch base with their OBA analyst if they believe they require exceptions.

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 2027 budget proposal to assure that the lease data is still valid.** For further information, contact:

Wendy Scott-Napier
DGS Division of Lease Management and Procurement
410-767-4088
wendy.scott-napier@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 (1302)
Agencies should budget 1302 at the FY 2026 Legislative Appropriation level. DBM will update these values to reflect STO's schedule. 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. Agencies should budget 1303 at the FY 2026 Legislative Appropriation level. DBM will update these values to reflect rent costs and the Governor's decisions.

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 capital projects supported by general funds.

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
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 2027 operating budget request. **Funding for PAYGO projects should not be budgeted in normal operating programs. It should be budgeted in the applicable PAYGO (capital) program within your agency.**

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 2027 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 2027. 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 is 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:

Department	**Program(s)**
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	D25E03.02
Maryland Higher Education Commission	R62100.47
Department of Housing and Community Development	S00A24.02, S00A25.07, S00A25.08, S00A25.09, S00A25.15, S00A25.16
Department of the Environment	U00A01.03, U00A01.04, U00A01.05, U00A01.11, U00A01.12

If you need additional guidance, contact your DBM analyst.

A.6 Over-the-Target Requests

As with prior years, 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.

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.

Given fiscal constraints in FY 2027, OBA is again requiring agencies to limit over-the target requests and categorize them appropriately. Also, if multiple over-the-targets are submitted, agencies should inform their OBA analyst of the agency's priority order. DBM will not consider over-the-targets that are not submitted in BARS with the official budget request submission.

Requests will be considered in five categories to assist with prioritization: 1) operational shortfalls/entitlement programs; 2) Major IT; 3) fee increases; 4) contractual conversions; and 5) enhancements (this type is limited to the number listed in your target memo):

- 1. Operational Shortfalls / Entitlement Programs: Requests in this category should include costs related to: 1) the administration (contract cost increases, existing personnel cost increases, etc.) of *existing* programs; or 2) shortfalls in entitlement programs supported by programmatic data (caseload, payments, benefits, etc.). These requests should **not** include *expansions* of existing programs or creation of *new* programs; DBM will instead consider such requests as "enhancements" to be counted against an agency's cap (discussed in #5 below).

    - If an agency has an entitlement program in its budget, the expectation is that the budget submission includes projected costs for the program and an FY 2027 over-the-target (and potentially an FY 2026 deficiency request as needed) for the program.

    - If an agency has had federal funds rescinded and is requesting backfill funding (i.e., an internal operational shortfall or pass-through grants), they should submit an FY 2027 over-the-target for the program.

    - If an agency has been unable to identify savings to absorb the full amount of the Section 38 reductions (see Section I.1), they should submit an FY 2027 over-the-target (and potentially an FY 2026 deficiency request as needed) for those personnel funding needs.

- 2. Major IT Projects: Requests in this category align with new Major Information Technology Development Project (MITDP) requests that agencies submit to the Department of Information Technology (DoIT). Note that only *new* projects need to be requested as over-the-targets. Please see "*Entering Over-the-Target Requests in BARS"* below for required information.

- 3. Fee Increase Proposals: Requests in this category are proposals to increase fees to support increased agency operations or program demand. Please see the "*Entering Over-the-Target Requests in BARS"* section below for required information for fee increases.

- 4. Contractual Conversions: Requests in this category are to convert *filled* contractual positions into regular positions. BARS will prevent agencies from attempting to add positions through their baseline budget request.

- 5. Enhancements: Over-the-target requests for program expansion or new programs, including those related to the implementation of legislation or requests for new positions, will be capped. Please reference the target memo for your agency's limit.

Examples - Operational Shortfalls vs. Enhancements

The following examples illustrate the difference between a true operational shortfall over-the-target and an enhancement over-the-target. Agencies should contact their OBA analysts if they are unsure what category a request falls into. DBM will re-categorize as necessary.

Over-the-Target Request Type	**Examples**
Operational Shortfall - Standard	Vendor Fee Growth: An agency has an existing contract through FY 2035 with a vendor who provides required services related to the administration of a major, Statewide, revenue-generating program. The contract is necessary to facilitate program operations and cannot be brought in-house. Payment to the vendor is tied to programmatic activity, which has increased rapidly compared to prior years. The agency requires additional funds in excess of its target to satisfy the terms of their contract and maintain operations.
Operational Shortfall - Entitlement Program	Change in Projected Entitlement Enrollment: An agency has an existing entitlement program that Maryland is statutorily required to uphold; however, projected costs for the program are anticipated to increase due to new information about estimated enrollment. The agency requires additional funds in excess of its target to satisfy their commitment to entitlement recipients and contracted providers.
Enhancement	Addressing Grant Oversubscription: After previously implementing a grant program that provides technical assistance to qualifying Maryland entities, an agency has identified evidence information (see next section) demonstrating the effectiveness of said program. The program receives $2 million in non-mandated general funds annually. The agency has been forced in recent years to turn away applicants because the program is oversubscribed. Based on this success and the evidence support, the agency requests a funding increase of $1 million, which is the average dollar value of applications rejected in recent years due to an exhaustion of funds.

Using Evidence in Budgeting

Similar to last year, enhancement requests are **highly encouraged** to submit evidence information (outlined below). Maryland aims to become a model of evidence-based governance in the United States. Results-focused budgeting uses evidence about program effectiveness to ensure the best use of limited taxpayer dollars. Maryland defines "**evidence-based**" as meaning that there is evidence from an experimental or quasi-experimental study that a key program component has been effective in improving a relevant outcome with similar populations or in similar settings. Maryland defines "**evidence-building**" as a program planning to conduct an experimental or quasi-experimental study on a key program component in FY 2027.

In order to measure program impact, evaluators compare the outcomes produced by a program to the outcomes that would have occurred in the absence of the program. **Experimental** and **quasi-experimental** studies are the two research designs that credibly estimate what would have happened in the absence of the program. The primary difference between these two types of studies is that experimental design studies actively create comparable groups that do and don't have access to the studied program (e.g., a clinical trial testing a new drug versus a placebo), whereas quasi-experimental design studies use statistical analysis to produce such groups without influencing program participation (e.g., measuring differences in test score changes among schools that adopt a new policy and comparable schools that don't adopt the policy).

To determine if a program or initiative is evidence-based, agencies can provide information from an agency-sponsored evaluation, evidence-based research clearinghouses, academic research institutions, peer-reviewed journals, information from other states, local pilot programs, and your own agency research and data. Evidence-based research clearinghouses classify the quality of evidence supporting individual programs or program models and are designed to be accessible to non-researchers. Clearinghouses can be a great place to start for agencies wishing to locate evidence for both new and existing programs.

The sampling of clearinghouses listed below by policy area is designed to provide a starting point for agency staff as you engage in results-focused reviews of budget priorities. This list is not exhaustive, and inclusion on this list should not be construed as an endorsement of the specific policies or studies identified in any clearinghouse.

You may also use ratings from the clearinghouses described below. Federal, philanthropic, and state "What Works" clearinghouses distill rigorous research using easy to understand summaries and ratings that portray how confident a policymaker can be that a certain program (or activity, strategy, intervention, practice, or policy) is likely to achieve a desired outcome. The clearinghouses linked on the following pages use different rating scales and not all ratings meet Maryland's definition of evidence. The terms in parentheses after each clearinghouse are the levels of evidence that meet or exceed the Maryland definition of "evidence-based."

If no evidence is available for an enhancement request, agencies should acknowledge the lack of data and explain why they are still pursuing the approach. Requests that lack evidence supporting the related initiative or any proposal for evidence-building will not be evaluated as strongly as those that do.

Your OBA analyst is available for any technical questions you might have about this new evidence-based process for enhancements. Agencies should also coordinate such requests with their Deputy Chief of Staff in the Governor's Office to ensure alignment with Administration priorities and the State Plan.

Issue Area	Clearinghouse Name	Rating that meets the definition of "evidence-based"
Clearinghouses Across Issue Areas	Results for America Economic Mobility Catalog	**Proven** and **Strong** meet definition (*Promising* does not meet definition)
	The Results First Clearinghouse Database	**Green/Highest Rated** and **Yellow/Second Highest Rated** meet definition (*Blue, Gray,* and *Red* do not meet definition)
	Arnold Ventures' Social Programs that Work	**Top Tier**, **Near Top Tier**, and **Suggestive Tier** meet definition
Early Childhood	U.S. Department of Education What Works Clearinghouse	**Strong**, **Moderate**, and **Promising** meet definition (*No Tier Assigned* does not meet definition)
	U.S. Department of Health and Human Services HomVee Clearinghouse	**Meets U.S. Department of Health and Human Services (HHS) Criteria** meets definition
	Center for Research and Reform in Education Evidence for ESSA	**Strong**, **Moderate**, and **Promising** meet definition
K-12 Education	U.S. Department of Education What Works Clearinghouse	**Strong**, **Moderate**, and **Promising** meet definition (*No Tier Assigned* does not meet definition)

K-12 Education (cont.)	Center for Research and Reform in Education Evidence for ESSA	**Strong**, **Moderate**, and **Promising** meet definition
Post-Secondary Education and Workforce Development	U.S. Department of Education What Works Clearinghouse	**Strong**, **Moderate**, and **Promising** meet definition. (*No Tier Assigned* does not meet definition)
	U.S. Department of Labor Clearinghouse for Labor Evaluation and Research	**High** or **Moderate** meet definition if the intervention shows positive impact on important outcomes (*Low* does not meet definition*; Interventions that show a negative impact on importation outcomes* do not meet definition)
	Center for Research and Reform in Education Evidence for ESSA	**Strong**, **Moderate**, and **Promising** meet definition
Health and Well-Being	Institute of Behavioral Science Blueprints for Healthy Youth Development	All interventions listed meet definition.

	CA Evidence-Based Clearinghouse for Child Welfare	**Well-Supported**, **Supported**, and **Promising** meet definition (*Evidence Fails to Demonstrate Effect, Concerning Practice,* and *Not Rated* do not meet definition)
Housing	Results for America Economic Mobility Catalog - Housing and Community Development	**Proven** and **Strong** meet definition (*Promising* does not meet definition)
	The Results First Clearinghouse Database - use search option to search for "Housing"	**Green/Highest Rated** and **Yellow/Second Highest Rated** meet definition *(Blue, Gray,* and *Red* do not meet definition)
Justice/Public Safety	US Department of Justice Crime Solutions	**Effective** and **Promising** meet definition (*No Effect*s does not meet definition)

Entering Over-the-Target Requests in BARS

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 that they need to enter the adjustment 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. If an agency submits more than one over-the-target request, the agency or department will be asked to prioritize the requests. **Multiple items (i.e. multiple funding purposes) should not be combined into one request.** Each Over-the-Target BARS adjustment should be for a distinct request.

Any requests for new positions, including contractual conversions, must be submitted as over-the-target requests and should not be included in the baseline budget submission or BARS will prevent agencies from attempting to add positions through their baseline budget request.

An over-the-target request must be submitted concurrently with (**not after)** the FY 2027 base budget submission. DBM is not required to consider over-the-target requests received after the budget submission or received as part of a late budget submission.

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

- Overview Tab – Adjustment Naming Convention. The adjustment name should reflect the purpose of the additional funding being requested and the type of request (Operational/Entitlement, Major IT, Fees, Contractual Conversion, Enhancement). For example, if 2025 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 "Enhancement - the title of that new program" (maybe even including the Chapter number of the corresponding legislation). As another example, if the request is for additional funding to support revised projections for an entitlement program, it could be named "Operational/Entitlement - Temporary Cash Assistance." Again, **multiple items with different purposes should not be combined into one 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 BARS 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 that preceded BARS, if that helps provide context.

  For fee increase proposals, agencies should also include the following:

  - Name of the fee
  - Brief description of the fee
  - Is the fee set by statute, regulation, or administrative?
  - Who pays the fee?
  - What is the current fee?
  - Value of the fee - estimated FY 2026 and FY 2027 revenues before the increase
  - What is the proposed change to the fee?
  - Value of the fee - estimated FY 2026 and FY 2027 revenues after the increase
  - If approved, when would the increase take effect?
  - If approved, what impact would it have on agency operations (e.g., improved financial sustainability, enhanced services, operational changes, etc.)?
  - Fund type (general funds, special funds, etc.) and fund source code of the fee

- 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 that preceded BARS, if that helps provide context.

  Enhancement requests supported by evidence of effectiveness must also include the following information in this field:

  1. Name of Evidence-based Program: Please input the name of the evidence-based program (e.g., High Impact Tutoring, Summer Learning Program).
  2. Clearinghouse/Research Source: Please input the name of the Clearinghouse or research source (e.g., Results for America's Economic Mobility Catalog, The Results First Clearinghouse).

3. Clearinghouse Rating: Please input the evidence rating if using a Clearinghouse (see ratings that meet the definition of "evidence-based" in the Clearinghouses and Ratings table above). If the evidence is not from a Clearinghouse, please input "N/A."
4. Link to Clearinghouse/Research: Please input the web page link to the evidence-basis of this program (e.g., https://catalog.results4america.org/programs/high-impact-tutoring).
5. Informed Rationale: Please input the informed rationale for implementing this program. "Informed rationale" means the reasoning (such as a theory of change, logic model, or narrative description) behind why a program is likely to improve important outcomes in similar contexts and for similar populations, based on research and input from participants and relevant stakeholders.
6. Evidence-based: Please input "Yes" if the program meets the evidence definition or "No" if not.
7. Evaluation proposed for FY 2027: Please briefly describe any experimental or quasi-experimental evaluations for this program that are planned for FY 2027, including the timing, estimated cost, and research partner (if applicable).
8. Evidence-building: Please input "Yes" if the proposed evaluation meets the "evidence-building" definition or "No" if not.

- Other Tabs. Complete the remainder of the tabs like 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. Agencies must also submit a funding request (formerly "Information Technology Project Request (ITPR)") to the Department of Information Technology (DoIT) and send a copy of the request to the OBA budget analyst. **The amounts listed in the adjustment in BARS and the DoIT request 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 the DoIT request 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 DoIT's MITDP website. Information Technology Master Plans are required of all agencies.

Enhancement Over-the-Target Request FAQs

Identifying evidence of impact is an important new step in our budget-building process that will help focus our efforts on investing taxpayer dollars in "what works." See common questions below.

1. *Why are we prioritizing evidence of effectiveness?*

In order to have a common understanding of "what works" across all budget proposals and orient investments in these strategies, Maryland has identified a definition of "evidence of effectiveness." Definitions of evidence of effectiveness allow policymakers and those who deliver services to have a shared understanding of which interventions have qualifying evidence. These frameworks are structured to make it easier to use research to assess the effectiveness of a given intervention.

"Evidence-based" and "evidence-building" information identified in the budget process will be used in internal decision-making materials and external communications to clearly and consistently lift up investments in strategies that have been proven to work or are being evaluated for the purposes of contributing to the existing evidence for this program. By gathering this information for these proposals, we will have a better likelihood of dramatically increasing the impact of state resources.

2. *How will the evidence information provided with enhancement requests be used?*

DBM will use the information you provide to do the following, among other uses:

- Focus funding increases on evidence-based solutions and programs that are being evaluated for the purposes of contributing to existing evidence
- Highlight evidence-based efforts in the Governor's FY 2027 Budget Highlights documents
- Communicate priorities with the legislative branch and to the general public

3. *What is the State's definition of "evidence-based" for the purposes of budgeting?*

Maryland has defined "evidence-based" as meaning that there is evidence from an experimental or quasi-experimental study that a key program component has been effective in improving a relevant outcome with similar populations or in similar settings. See the Evidence Definition and Clearinghouse section above for additional details and sources of evidence.

4. What is the state's definition of "evidence-building" for the purposes of budgeting?

Maryland has defined "evidence-building" as meaning a program planning to conduct an experimental or quasi-experimental study on a key program component.

5. What does "experimental or quasi-experimental study" mean?

In order to measure program impact, evaluators compare the outcomes produced by a program to the outcomes that would have occurred in the absence of the program (i.e. a control group). Experimental and quasi-experimental studies are the two research designs that credibly estimate what would have happened in the absence of the program. The primary difference between these two types of studies is that experimental design studies actively create comparable groups that do and don't have access to the studied program (e.g., a clinical trial testing a new drug versus a placebo), whereas quasi-experimental design studies use statistical analysis to produce such groups without influencing program participation

(e.g., measuring differences in the change in test scores among schools that adopt a new policy and comparable schools that don't adopt the policy).

6. What happens if we do not have evidence for our over-the-target requests for enhancement proposals?

If no evidence is available for an enhancement request, agencies should acknowledge the lack of data and explain why they are still pursuing the approach. Requests that lack evidence supporting the related initiative or any proposal for evidence-building will not be evaluated as strongly as those that do. If there are evidence-based interventions that align with your policy areas and desired outcomes for the proposal, consider including them. If not, you could consider proposing an evaluation to build the evidence for this intervention.

7. Who should I contact if I have questions about this process?

Your OBA analyst is available for any technical questions you might have about this new evidence-based process for budget enhancements. Agencies should also coordinate regarding such requests with their Deputy Chief of Staff in the Governor’s Office to ensure alignment with Administration priorities and the State Plan.

A.7 Agency Reductions

To assist DBM in preparing a balanced budget proposal for the Governor's consideration, State agencies will be asked to submit budget reduction proposals with the FY 2027 budget submission. General fund reduction targets will be provided when DBM distributes agency general fund targets. **DBM encourages agencies to identify ongoing reductions as opposed to one-time cost savings actions.**

Agencies are asked to submit Agency Reduction adjustments in BARS along with the FY 2027 base budget submission. If your agency does not use BARS, please work with your OBA analyst to provide all of the information needed. Agencies must submit reduction proposals that total to their given reduction target, and individual reduction "options" should be submitted as separate adjustments in BARS. **Agencies should not combine reduction options with different purposes into a single BARS Agency Reduction adjustment.** This will create more work for both the agency and the OBA analyst.

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

- Overview Tab – Adjustment Name. The name should reflect the purpose of the funding being reduced. For example, if the agency is proposing to increase its expected turnover, the name would be "Increase Turnover to X.X%." Or if the agency proposes to reduce a specific grant program, the adjustment name would be the name of the grant program.
- Overview Tab – Description Field. Use this field for a short, informal 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 in BARS.
- 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 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 provided, the fewer questions your OBA analyst will have.

  If the reduction is a fee increase proposal, the following information should be included:

  - Name of the fee
  - Brief description of the fee
  - Is the fee set by statute, regulation, or administrative?
  - Who pays the fee?
  - What is the current fee?
  - Value of the fee - estimated FY 2026 and FY 2027 revenues before the increase
  - What is the proposed change to the fee?
  - Value of the fee - estimated FY 2026 and FY 2027 revenues after the increase
  - If approved, when would the increase take effect?
  - If approved, what impact would it have on agency operations (e.g., improved financial sustainability, enhanced services, operational changes, etc.)?
  - Fund type (general funds, special funds, etc.) and fund source code of the fee

- 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. Agencies should also explain how this proposal relates to and impacts the Governor's State Plan or the agency's Managing for Results plan.
- Other Tabs. Complete the remainder of the tabs in the same way as any other adjustment type.

B. BUDGET SUBMISSION

B.1 Best Practices for Budget Submission

To assist agencies with the completion of the FY 2027 Budget Submission, DBM has generated a list of best practices that are applied by the most successful agencies during the budget submission process. Many of these best practices are strategies for using the BARS budget system. DBM encourages agencies to utilize the following guidelines during the FY 2027 Budget Submission season, where applicable.

BARS Support

- Hierarchy of Support. Use the "Support" button in BARS and related user guides–also available along with videos on the DBM website–to diagnose issues with adjustments or processes in the system. In situations where a problem persists:
    - If you encounter an Application Error, contact the BARS Service Desk (bars.doit@maryland.gov). Again, please **only do this if you encounter a true Application Error** (not a justified Validation Error) and not for any other questions or issues in BARS. Validation errors are discussed on the DBM website.
    - If a Chart of Accounts or Fund Source change is needed, contact the DBM TDS Team (oba.tds1@maryland.gov) and copy your OBA analyst.
    - If there is **any other issue** or general assistance needed, contact your OBA analyst (and additional OBA staff, if instructed).

Position Data

- Reconcile Positions. Please see the separate Position Reconciliation Guide for the actions that OBA has already implemented on agency position data prior to agency access to BARS. Following OBA's actions, agencies are required to:
    - Zero out any negative amounts in 0192. OBA placed the impact of any GF increases that resulted from POS REC under this subobject.
    - Move positions within their budgets and change position details. As outlined in the POS REC guide, OBA will have already copied Class, Grade, and Step from Workday. At this stage, agencies will be able to use the position reconciliation adjustment type to move and change positions as necessary up until they submit their budget in BARS by their due date. **However, agencies must be sure to release those position reconciliation adjustments prior to submission since this type of adjustment does not go through the Budget Request Submission (BRS) module.**

Agency Training and Coordination

- Budget Instructions Reading. Emphasize that all staff responsible for the budget should read Section I.1 "New and Reminders for FY 2027" and Section A.1 "Standard Rates and Schedules." These sections represent the most important information for agency fiscal staff where DBM lists rates or recommendations that have changed year-over-year.

- Communication with Regional Offices. Engage regional offices well in advance of the budget submission deadline during the spring and summer interim to determine needs. Agencies are encouraged to use the interim to set expectations of what should be requested through the budget and how the submission process should proceed.

- BARS Training Review.
    - Develop internal training for onboarding new or existing staff onto the BARS system. Agencies are encouraged to engage their OBA analysts during the spring and summer to gain mastery within the BARS system, particularly in areas that were pain points during the prior year's submission.
    - Engage staff in internal review after the finalization of the Governor's Allowance to identify opportunities for improvement in using BARS during the interim. Talk to your OBA analyst early if your agency needs individualized training on some aspect of budget submission.

Data Entry in BARS

- Frequent BRSs. Run the Budget Request Submission (BRS) module early and often, even before the agency is ready to submit. The BRS module has tabs that report the various BARS data that makes up the submission, and reviewing this data can (a) help agencies to ensure that the data in BARS matches what they expect submission numbers to be and (b) give agency coordinators a sense of the remaining work required for the submission. Also, click the "Validation" button to the far right to identify any validation rules that the BARS data is failing, enabling coordinators to identify wider issues with the budget submission (i.e. validation errors).

- Downloading to Excel. Download the BARS grids from each of the data entry tabs in BARS to Excel to assist in updating data for BARS (using BARS exports ensures that data will be in the correct format for import). In agencies where there are field offices responsible for the update and submission of their own budget, DBM recommends downloading those budget grids for each individual office from BARS and distributing them for update and completion.

- Maintaining Exported Templates. Export and save grids from BARS as a backup. Create an internal file structure to save these exported grids as information is added and adjustments are made. If changes are required to data entered by the agency, it may be easier to update the exported Excel file and re-import the data into an existing adjustment than to micromanage multiple lines in a BARS grid.

Submission Data Management

- Use Ad Hoc! Use ad hoc reports to check and confirm the impact of adjustments as they are entered into BARS. Ad-hoc may be used:
    - before adjustments have been "Released" to identify areas where additional detail needs to be loaded, or

    - to check items as they are being loaded into BARS to get a sense of whether those adjustments were loaded into BARS as intended.

A number of pre-formatted ad-hoc templates are available for download from BARS, including reports displaying Budget Year GF Target Tracking, 3 Year Expenditure, 3 Year Revenue, 3 Year Adjustment Tracking, and SD Tab related reports. These can be found under "Ad Hoc Reporting" in the top banner in BARS. If you need help with setting up an ad hoc report, please reach out to your OBA analyst.

- BARS Reports. Agencies are also encouraged to use Reports in BARS to observe what is currently "Released" (i.e., baseline) in the system. Reports may be expanded to view detail from adjustments in mid-flight by selecting adjustments with the "Draft" or "Program Reviewed" status in Reports. The "Agency Adjustment Summary" is particularly helpful in managing agency workload, as it provides agencies with a summary of all of their budget adjustments for the three-year budget submission window.

Submitting the Budget - The Budget Request Submission (BRS) Module

- Requests for Additional Funding. Submit Over-the-Target and Deficiency requests **alongside the budget request** using the Budget Request Submission (BRS) module. **DBM will not accept additional requests outside of the system or submitted after the main agency budget for the FY 2027 budget submission.**

- Fund Balance Data. Export and save the completed Fund Balance tab in the BRS module outside of BARS, once it has been populated, prior to submission. The Fund Balance tab in the final submission module is wiped each time adjustments are added or updated for inclusion in the BRS, and having a backup file from the export can save significant time and effort.

- BRS Validations. Prepare for the most common BRS module validation errors. Click the "Validation" button to the far right to identify any validation rules that the BARS data is failing, enabling coordinators to identify wider issues with the budget submission. Some commonly failed validation rules include:
    - Comptroller subobject 0192 equals $0 across the entire agency
    - Target lock requirements must be met (these can be reviewed in the BRS Targets tab
    - Reduction target totals are met via Reduction adjustments within the submission

- Other Data Checks Not Completed by BARS. While BARS ensures submission data quality in many ways, there are certain rules of budget submission that BARS cannot validate. OBA will therefore complete checks outside of the system following submission, and agencies should be mindful of these data requirements since BARS will not check them:

    - **Actuals.** Please make sure that agency actuals Expenditure data matches FMIS (the DAFR 6000) at the program/fund type level. Also, please do not submit data with negative actual expenditures at the object level.

    - **Spending Mandates.** Most of these have target locks established in the system, but please be mindful to ensure that all mandates are fully funded.

    - **Scheduled Subobjects.** These subobjects have a schedule outlined in instructions or provided separately by the Treasurer's Office: 0698 and capital leases (1021, 1041, 1121, and 1141). Please budget in line with the provided schedules.

- **Turnover.** Review turnover data to make sure that it is reasonable. For example, if positions were moved, the negative turnover (0189 or 0289) values associated with those positions should move with them.

- **Vehicles (0701).** Make sure that the budget submission matches the DA-8 form at the subprogram/fund type level.

- **Reclassification (0112).** Agencies should have a specific plan for included funding, as OBA analysts will ask for such a plan.

- Additional Information. Please refer to the "Submitting the Budget Request to OBA" guidance under BARS > Support > Quick Reference Guides menu.

B.2 Checklist of Submission Requirements

Below is an exhaustive list of requirements for submission and identifies those that are submitted in BARS vs. still must be submitted electronically outside of the BARS system. The list also includes data checks that BARS does not validate, but agencies should review themselves prior to submitting.

Even if the OBA analyst is handling submission for the agency in BARS, agencies must send an email to oba.tds1@maryland.gov and the OBA budget analyst to confirm the agency's submission of the FY 2027 budget request, and attach the listed documents and forms in that message. All checklist items are required at the time of submission.

	Submitted via the BARS Budget Request Submission (BRS)	Applicable To
☐	Budget Year Reduction Option	All agencies with GFs
☐	Budget Year Over-the-Target (*optional* to submit, but must be part of BRS if requesting)	All agencies requesting over-the-targets
☐	Current Year Deficiency (*optional* to submit, but must be part of BRS if requesting)	All agencies requesting deficiences
☐	Fund balance data	All agencies with SFs/FFs
	Email Attachments/Form Requirements	**Applicable To**
☐	Organizational Chart	All agencies
☐	Memo from Agency Head	All agencies
☐	MOUs or Emails documenting proof of (see Section I.1.1) planned Reimbursable Funds (RFs)	Agencies requesting RFs
☐	DA-8: Vehicle Request Form. Please ensure that the form matches BARS data (0701) at the subprogram/fund type level.	Agencies requesting replacement or new vehicles
☐	DA-25A and DA-25B: Pay Plan Adjustment/New Classification Requests	Agencies requesting ASRs
☐	DA-27: Indirect Cost Recovery and Reversion Reporting	All agencies
☐	DA-29: Fee Inventory	All agencies
	Data Checks	**Applicable To**
☐	Actuals. Ensure that agency actuals Expenditure data matches FMIS (the DAFR 6000) at the program/fund type level.	All agencies
☐	Actuals. Ensure no negative expenditures at the object level.	All agencies
☐	Mandates. Make sure that they are fully funded.	All agencies
☐	Scheduled Subobjects (0698 and capital leases). Please budget in line with the provided schedules (See Appendices 2 and 5, respectively).	All agencies
☐	Turnover. Review agency budget data to make sure that it is reasonable. For example, if positions were moved that the negative turnover (0189 or 0289) values moved with them.	All agencies
☐	Reclassification (0112). Agencies should have a specific plan for included funding, as OBA analysts will ask for such a plan.	All agencies

Managing for Results has a separate submission deadline of September 5, and should be emailed to oba.mfr@maryland.gov and the OBA analyst by that date (see Section C).

B.3 Documentation Requirements

B.3.1 Organizational Charts

Section 26 of the FY 2026 budget bill (see page 343 of the enrolled bill) requires that the Department of Budget and Management (DBM) submit to the Department of Legislative Services (DLS) a **one-page** organizational chart for each agency that depicts the allocation of personnel across operational and administrative activities. In order to accommodate this requirement, agencies are requested to submit a one-page organizational chart to DBM with the budget submission.

Agencies must submit the organizational chart in either Microsoft Word or Adobe PDF format. Agencies should submit the electronic file to their OBA budget analyst and oba.tds1@maryland.gov as part of the budget request submission process. The file must be sent at the same time as DA-forms and the confirmation that the agency has completed the Budget Request Submission module in BARS. DBM is responsible for forwarding these charts to DLS. Agencies should **not** submit the files directly to DLS.

B.3.2 Local Aid

Agencies that distribute local aid are required to include in the budget submission an estimated and preliminary distribution of local aid for FY 2025 actual expenditures, the FY 2026 appropriation, and the FY 2027 request.

The submission should include the supporting documentation that was used to arrive at the distributions in each fiscal year. Between the submission of the budget request and the end of December 2025, any additional information that would affect the distribution of local aid in the request year should be submitted to the assigned DBM budget analyst and to Deputy Director Emily Ford (OBA Local Aid Coordinator) at emily.ford@maryland.gov.

As the Governor's Allowance is finalized, DBM will ask the agency to submit revised distributions. The budgets that contain local aid include:

BUDGET	STATEWIDE PROGRAMS
A15O00.01	Disparity Grants
A15O00.02	Teacher Retirement Grants
D21A0102	Governor's Office of Crime Prevention and Policy (GOCPP), LLE Grants
D21A0103	GOCCP, State Aid for Police Protection (SAPP) Fund
D25E0302 & 03	School Construction Aid and School Security Grants
D26A0702	Senior Citizens Activities Centers Operating Fund
D38I0103	State Board of Elections (Voting System Funding)
D52A0101	Fire, Rescue, and Ambulance Fund
D52A0102	Emergency Number Systems (911) – State Grant
J00A0102	Operating Grants-In-Aid/Payments in Lieu of Taxes (PILOT)
J00B0105	County and Municipality Funds (Highway User Revenues)

J00H0106	Statewide Programs Operations
K00A0401	Revenue Equity Program
K00A0505	Land Acquisition and Planning (Instant Bingo Revenue to Calvert County)
K00A1001	Critical Area Commission
M00F0207	Targeted Local Health Services
M00F0304	School-Based Health Centers (K-12 Blueprint)
M00L0102	Behavioral Health Crisis Response
M00R0103	Coordinated Community Supports (K-12 Blueprint)
P00E0102	Maryland Racing Commission –Division of Racing
P00E0106	Video Lottery Terminal (VLT) – Local Impact Grants
P00G0114	Adult Education
Q00G0001	Police & Correctional Training Commissions-General Admin (Law Training Center Grants)
R00A02--	Aid to Education (All programs with General Funds or Blueprint Funds)
R00A0602	School Safety Aid
R11A1102/03/04	Aid to Libraries
R62I00--	Aid to Community Colleges – Formula, Special Grants, and Fringe Benefits
S00A2401	Emergency Rental Assistance for Seniors
W00A0108	Vehicle Theft Prevention Council

B.3.3 Indirect Cost Recovery and Reporting Requirements

All agencies receiving Federal Funds must determine whether the funds are eligible for indirect cost recovery. Once such eligibility is established, the agency must initiate, negotiate, and establish an indirect cost recovery rate with the federal government. A copy of the latest approval letter from the relevant federal agency must be submitted to DBM.

Agencies are instructed to budget for internal indirect cost recoveries only after notifying the assigned DBM budget analyst of the intent to do so. No agency may budget the use of Statewide Indirect Cost Recoveries. **ALL STATEWIDE INDIRECT COST RECOVERIES MUST BE REVERTED TO THE GENERAL FUND.**

DA-27 Form Detail Requirements

Agencies should use the DA-27 form to specify the exact amounts and types of indirect cost recoveries and reversions made. Data should be provided at the program level and totaled to the unit level and the agency level. **Please report actual data for FY 2025, as well as estimates for FY 2026 and FY 2027**. The following information will be required:

1. List the **Statewide Indirect Cost Recoveries**. This is the amount of total recoveries allocated to Statewide Indirect Costs. The allocation percentage is determined by dividing the amount of Statewide Indirect Costs used in the Indirect Cost Allocation Plan by the total amount of indirect costs used in the calculation of the **Federally Approved Indirect Cost Recovery Rate**. The resulting percentage is the **Federally Approved Statewide Cost Recovery Rate**. Please note that both of these rates are required in the two farthest right columns of the DA-27 form.

2. List the **Internal Indirect Cost Recoveries**. This is the amount remaining from total indirect cost recoveries after Statewide Indirect Cost Recoveries have been subtracted.

3. Report the amount of Indirect Cost Recoveries **reverted to the General Fund**. This amount should not be less than the amount of Statewide Indirect Cost Recoveries, but may be more.

4. Report the amount of **Indirect Cost Recoveries Retained by the Agency**. This amount should be no greater than the amount of Internal Indirect Cost Recoveries, but may be less.

Copies of the **DA-27 form** and the most current **Negotiated Agreement Letter** must be included in the agency's budget submission, and electronic copies of the DA-27 form and the most current agreement letter must be sent to oba.tds1@maryland.gov, and the DBM budget analyst. This information is reported in Appendix I of the Governor's Budget Highlights Book.

B.3.4 Fee Inventory - DA-29 Form

The DA-29 form must be submitted to your DBM analyst with the budget submission. DBM is compiling an inventory of all fees collected by the state to better understand the revenue that the fees generate and for what purposes.

DA-29 Form Detail Requirements

The DA-29 requires the following information:

1. N**ame of the Fee**
2. **Fund Source Code/Name:** Does revenue from the fee support a special fund? If so, please provide the name of the special fund and the six-digit code associated with that special fund. If the revenue from the fee supports the General Fund, please enter General Fund.
3. **Brief Description of Fee:** Please include how this fee is collected and what the revenue from the fee supports.
4. **Is the fee set by statute, regulation, or administrative?**: Please provide the authority for this fee including the Maryland Code citation, COMAR citation, or copy of the administrative rule.
5. **Who pays the fee?**: Please explain the population who pays this fee.
6. **FY 2025 Fee Rate:** Please provide the fee rate in the last fiscal year.
7. **FY 2025 Revenue:** Please provide the total revenue collected for this fee in the last fiscal year.
8. **FY 2026 Fee Rate:** Please provide the fee rate in place for the current fiscal year.
9. **FY 2026 Revenue**: Please provide the total estimated revenue from this fee in the current fiscal year.
10. **FY 2027 Fee Rate:** Please provide the fee rate proposed for the budget year.
11. **FY 2027 Revenue:** Please provide the total estimated revenue from this fee for the budget year.
12. **Did the FY 2027 budget submission include an Over-the-Target Request to change this fee?** Please indicate whether a change has been requested for the fee via an Over-the-Target request.
13. **Did the FY 2027 budget submission include a fee change as a Reduction Option?** Please indicate whether a change to the fee was proposed to meet your Reduction Target.

B.4 Fund File for Non-General Funds

Many agencies have revenue from sources other than the General Fund in the budget request - special, federal, reimbursable, and non-budgeted funds. In BARS, the fund source detail is specified on the "Revenue Tab" in each adjustment, and thus may interchangeably be referred to as "Revenue Data." All agencies must provide fund source detail in BARS that reconciles with the budget submission (Expenditure data) fund type splits at the program level.

For the FY 2027 Budget Submission, all agencies are required to complete the "Fund Balance" Tab in the Budget Request Submission (BRS) module to submit income and balance data for all Special and Federal fund sources. The budget request cannot be submitted in BARS without this information.

BARS requires that fund source detail be provided in every adjustment made, which means that agencies no longer need to submit separate fund source detail in an Excel template. While users will specify fund sources as they work, they will also have the opportunity to create revenue-only adjustments before submission to DBM to adjust the fund source breakdown after viewing the entire budget submission in aggregate.

Non-General Fund Submission Requirements

1. Fund Source Detail by Program:
   Users must specify in each BARS adjustment. There is also an opportunity to realign if necessary before submitting the entire Budget Request Submission using one final adjustment that fixes fund source detail per year.

2. Fund Source Income and Balance Data for Special and Federal Funds:
   Provide the prior year fund balance and three years of income (PY actual and CY/BY estimates) for each individual special and federal fund source. This is done in the BRS module prior to submission of the entire budget.

BARS will verify that the expenditure amounts submitted in the fund file are exactly the same as the expenditure amounts reported in the budget files at the program level.

B.4.1 Updating Fund Source Detail by Program in BARS

For FY 2027, BARS currently has fund source detail by program that rolled over with the FY 2026 budget data to create the starting point for FY 2027. To the extent DBM created non-General Fund target adjustments, specific fund sources were indicated by the OBA analyst creating the adjustment. This means that, like the budget detail, the fund detail already has a "baseline" and all actions made to change the budget will be adjustments against that baseline.

To help agencies manage fund sources used in the budget, the following tools will be provided:

- The "Fund Balance" tab in the Budget Request Submission module in BARS, which aggregates fund and revenue detail from all adjustments across all three submission years that have been bundled for the submission, and
- Reports and ad-hoc templates that aggregate all the fund detail and will also show if a fund is overspent once users provide opening balance and income information for the fund.

If, when seeing all the fund detail in aggregate, the agency wishes to adjust the level each fund source supports each program, a BARS adjustment can be created that makes NO changes to expenditures and only updates revenues.

B.4.2 Updating Fund Source Income and Balance Data (Special Funds and Federal Funds)

BARS requires agency submitters to enter opening balance data for FY 2025 as well as actual income for FY 2025 and estimated income for FY 2026 and FY 2027 for each individual special and federal fund source. With these four numbers, BARS can generate the balance, income, and expenditure summary information for each fund, which is a mandatory piece of the submission and a requirement from both DBM and DLS. Agencies must complete this part of the submission for all special funds as well as relevant multi-year federal fund block grants. For federal funds, agencies should report the balance as the remainder/carryover of spending authority on a multi-year grant, as federal funds do not technically have a "balance."

This information is entered in the "Budget Request Submission" module where agencies can review the budget request in aggregate before submission to DBM. Please see the BRS guide for step-by-step instructions on how to use the Budget Request Submission module and populate your agency's fund source income and balance data. Contact your OBA analyst if you have any additional questions about how to enter this data.

The red circled fields are the columns where data must be entered. All other columns are read-only and populated with the data from the budget request.

Fund Revenue

	Fund Source	FY 2024 Starting Balance	FY 2024 Revenue	FY 2024 Expenditures	FY 2025 Starting Balance	FY 2025 Revenue	FY 2025 Expenditures	FY 2026 Starting Balance	FY 2026 Revenue	FY 2026 Expenditures	FY 2026 Closing Balance
1	10.553: School Breakfast Program	0	$0	$73,185,924	($73,185,924)	$0	$73,185,924	($146,371,848)	$0	$73,185,924	($219,557,772)
2	10.555: National School Lunch Progr...	$0	$0	$254,876,600	($254,876,600)	$0	$254,876,600	($509,753,200)	$0	$254,876,600	($764,629,800)
3	10.556: Special Milk Program for Chil...	$0	$0	$452,736	($452,736)	$0	$452,736	($905,472)	$0	$452,736	($1,358,208)
4	10.558: Child and Adult Care Food Pr...	$0	$0	$96,929,187	($96,929,187)	$0	$96,934,589	($193,863,776)	$0	$96,943,184	($290,806,960)
5	10.559: Summer Food Service Progra...	$0	$0	$10,960,205	($10,960,205)	$0	$10,962,383	($21,922,588)	$0	$10,965,848	($32,888,436)
6	10.560: State Administrative Expense...	$0	$0	$8,080,877	($8,080,877)	$0	$9,197,701	($17,278,578)	$0	$9,435,309	($26,713,887)
7	10.574: Team Nutrition Grants	$0	$0	$274,353	($274,353)	$0	$278,465	($552,818)	$0	$285,072	($837,890)
8	10.579: Child Nutrition Discretionary ...	$0	$0	$436,656	($436,656)	$0	$47,198,781	($47,635,437)	$0	$47,198,781	($94,834,218)
9	84.010: Title I Grants to Local Educati...	$0	$0	$354,481,291	($354,481,291)	$0	$303,918,449	($658,399,740)	$0	$303,986,007	($962,385,747)
10	84.011: Migrant Education-State Gra...	$0	$0	$332,908	($332,908)	$0	$332,908	($665,816)	$0	$332,908	($998,724)
11	84.013: Title I Program for Neglected ...	$0	$0	$1,531,769	($1,531,769)	$0	$1,389,857	($2,921,626)	$0	$1,389,857	($4,311,483)
12	84.027: Special Education-Grants to S...	$0	$0	$251,762,460	($251,762,460)	$0	$261,392,204	($513,154,664)	$0	$261,798,446	($774,953,110)
13	84.048: Vocational Education-Basic G...	$0	$0	$28,126,643	($28,126,643)	$0	$22,044,245	($50,170,888)	$0	$22,110,279	($72,281,167)

Before final submission to DBM, agencies should review whether there are negative ending fund balances in any fiscal year – if there are, please contact your OBA analyst ahead of the submission to explain why.

- **Special Fund beginning balances entered in BARS must match the figures in FMIS – DBM will compare the values against a report provided by GAD.**
- Agencies should keep in mind rules that govern various special funds when budgeting funds in FY 2027 and when reporting income and balances. Some special funds cannot carry a balance, and any remaining unspent revenue is reverted to the General Fund, while other special funds have percentage limits of what amount of revenue can be kept as fund balance for use in the next fiscal year.

B.4.3 Special Funds

For special funds unique to a specific agency, use the first three characters of the R*STARS Financial Agency Code followed by a unique 3-digit code that will be in the range of 301-450. **Agencies must submit a list of any new or revised fund source codes and titles to the OBA Technical Data and Systems Team (TDS) with a copy to the OBA analyst.** Codes should be *clearly* and *separately* labeled as "NEW" and/or "REVISED." TDS email: oba.tds1@maryland.gov.

Statewide special funds are not unique to any agency and use the following codes. Agencies planning to include statewide funds in their FY 2027 Budget Request ***must*** **confirm funding availability** with their OBA budget analyst.

Code	Statewide Fund Name
swf302	Major Information Technology Development Project Fund (do not include any new, requested projects; only ongoing projects use this code)
swf305	Cigarette Restitution Fund
swf307	Dedicated Purpose Fund
swf309	Chesapeake Bay Restoration Fund
swf310	Rate Stabilization Fund
swf313	Higher Education Investment Fund
swf314	State Police Helicopter Replacement Fund
swf315	Chesapeake Bay 2010 Trust Fund
swf316	Strategic Energy Investment Fund – RGGI
swf317	Maryland Emergency Medical System Operations Fund
swf318	Maryland Education Trust Fund
swf319	Universal Service Trust Fund
swf320	Speed Monitoring Systems Fund
swf321	Video Lottery Terminal Proceeds
swf322	Housing Counseling and Foreclosure Mediation Fund
swf323	Fair Campaign Finance Fund
swf324	Mortgage Loan Servicing Practices Settlement Fund
swf326	Public Utility Customer Investment Fund
swf327	Contingent Fund
swf329	Strategic Energy Investment Fund - Animal Waste Compliance Payment
swf330	Strategic Energy Investment Fund - Other
swf331	The Blueprint for Maryland's Future Fund
swf332	Strategic Energy Investment Fund - RPS ACP
swf333	Dedicated Purpose Account - Covid 19
swf334	Rainy Day Fund – COVID-19
swf335	Marketplace Facilitator Revenue
swf336	Recovery Now Fund
swf337	Sports Betting Application Fees
swf338	Strategic Energy Investment Fund - CEJA ACP
swf339	Access to Counsel in Evictions Fund
swf340	Fiscal Responsibility Fund

B.4.4 Federal Funds

Agencies should use the six-character Catalog of Federal Domestic Assistance (CFDA) number, which is five digits plus a decimal point. *Please report any new CFDA numbers and Fund Names to the OBA Technical Data and Systems Team (TDS) and the OBA budget analyst.* For Federal Funds that do not have a CFDA number, use a code in the format aa.rst where "rst" is the R*STARS Financial Agency Code (e.g., Q00).

Examples:	97.072	National Explosives Detection Canine Team Program
	17.503	Occupational Safety and Health-State Program
	20.233	Border Enforcement Grants
	93.778	Medical Assistance Program

B.4.5 COVID-19 Data - Federal Funds

For federal funding associated with the COVID-19 Coronavirus Aid, Relief and Economic Security (CARES) Act, the Families First Coronavirus Response Act, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and the American Rescue Plan Act (ARPA), agencies should use legislation-specific coding to indicate each of these initiatives as federal funds in agency budgets. Additional guidance is provided in Section B.5.

B.4.6 Reimbursable Funds

Agencies should typically use the six-character R*STARS appropriation code for the agency that is the source of funds. For reimbursable activity where funding is from many agencies, for example "print shops," the fund code will be the first three characters of the agency R*STARS Financial Agency Code, followed by a unique three-digit code in the range of 901-999.

Agencies must verify that any requested Reimbursable Fund amounts are in the budgets of agencies providing the funds. When submitting budget requests, include copies of the appropriate signed reciprocity agreements.

For new reimbursable fund agreements, agencies must notify DBM of any reimbursable fund agreements where the source funds originate as general funds. In order for reimbursable fund amendments to occur for FY 2027, supporting budgetary language must be authorized via legislation and primarily via the Budget Bill. DLS will not approve reimbursable fund amendments with general funds as the source funds after the end of the legislative session.

B.4.7 Non-Budgeted Funds

Each agency using non-budgeted funds must include a separate program statement providing a description of any current and proposed activity to be financed with non-budgeted funds. All funds received from special and federal sources must be reported in the agency's operating budget request and reflected in programs summarizing the various sources.

B.4.8 Additional Notes for All Agencies

NOTE: Institutions of Higher Education must provide an income listing in two forms:

- Form 1: Summary of Current Unrestricted and Restricted Funds equal to amounts expended, appropriated, or requested, in accordance with the Financial Accounting and Reporting Manual of the National Association of College and University Business Officers (NACUBO).

- Form 2: Revenue Analysis listing tuition, fees, and revenues generated by fiscal year. Total revenue reported usually exceeds a given year's expenditures with differences reported as fund balance.

- **In the ongoing attempt to decrease the number of budget amendments,** agencies relying on special fund and federal fund revenue should **carefully evaluate revenue and expenditure expectations** before submission of the budget request. A careful evaluation of cash flow needs will enable each agency to provide reasonable estimates of special and federal fund revenue.

B.5 Federal Relief Funds (COVID-19 Stimulus) Guidance

All agencies that have received federal COVID-19 relief funds are required to submit the budget with legislation-specific coding in each fiscal year. The intent is to capture and record the difference in the budget detail where federal relief funds have been received and expended. These funds are aggregated as total Federal Funds in the "Fund Balance" Tab in the Budget Request Submission (BRS).

There were three federal relief bills, noted below, from which agencies received funding. This section provides additional guidance for all of the following federal relief bills:

- Coronavirus Aid, Relief, and Economic Security (CARES) Act
- Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA)
- American Rescue Plan Act (ARPA)

The FY 2027 budget submission should only include federal relief funds as part of the agency base budget request from ARPA for FY 2027. The FY 2025 actual expenditures may include expenditures related to all three bills. For additional guidance, please contact your OBA budget analyst.

For any new federal relief funds, including federal relief funds utilizing existing fund sources, contact TDS at oba.tds1@maryland.gov (cc your budget analyst) to set up a new federal fund CFDA code related to any federal relief funds in BARS.

1. In the "Subject" line, input: New FF CFDA – CARES - ##.###.
2. In the Body of the email, provide the name of the CFDA and confirm which relief act the funds are sourced from.
3. If the CFDA code existed pre-COVID-19 relief under Fund 05 (FF) and is now also using federal relief funds, this new CFDA code will now receive a MD-specific alphabetical coding to indicate that it is a federal relief funding stream. Some existing CFDAs have an established alphabetical coding. Please use the following coding structure for entry into BARS.

   - CARES Act: CFDA ##.###C; Fund 0525 in FMIS; Fund 25 (FC) in BARS.
   - CRRSAA: CFDA ##.###D; Fund 0535 in FMIS; Fund 35 (FD) in BARS.
   - ARPA: CFDA ##.###E; Fund 0545 in FMIS; Fund 45 (FE) in BARS.

4. Once a confirmation email has been received from the TDS, the agency is free to use this source and coding in BARS for federal relief related expenditures. Please see Section A.4 for guidance regarding personnel expenditures using federal relief funds.

This guidance applies only to those agencies eligible for direct federal CARES, CRRSA, and/or ARPA funding **and** any agency being reimbursed by MDH for COVID-19 Relief Fund expenditures. Federal guidance for ARP State and Local Fiscal Recovery Funds can be found here. Agencies that have received ARPA State and Local Fiscal Recovery Funds will be engaged with DBM for tracking and reporting purposes.

B.6 BARS Guidance, Agency Adjustment Types, and Submission Resources

General Guidance for Working in BARS
While DBM is providing some basic guidance and ideas for how to approach the budget request, we recognize that each agency will complete its request in BARS differently. DBM encourages agencies to share best practices internally and with DBM and agency colleagues as Maryland continues to refine and improve its guidance for budget submission through BARS. At the same time, DBM provides guides and videos breaking down various processes in BARS - see here. The topics covered, as well as brief descriptions of each topic, are provided below.

BARS Agency Help Guide
DBM requests that agencies follow a tiered system of user assistance depending on the type of issue they face in BARS, with their OBA analyst providing direct support in almost all instances.

Stages, Statuses, and the Adjustment Paradigm
BARS operates on an adjustment basis, utilizing individual workflows called "adjustments" to enter data into the system. This guide includes information for processing adjustments and knowing when detail in the system is "final."

Explaining Adjustment Types
BARS includes a variety of adjustment types that dictate the method and point in time that certain types of data are entered into the budget. A short reference guide is appended at the end of this section.

Creating an Adjustment
Each adjustment has individual pieces of data that indicates which agency, which fiscal year, and which part of the budget (Positions, Contractual Positions, Contracts and Grants, Real Estate, General Expenditures, and Fund Sources) is being impacted by the adjustment. There are always minimum data requirements in order to submit an adjustment successfully.

Adjustment Validations
Each adjustment also has individual pieces of data that comprise those minimum data requirements, called "validations." Depending on what the user would like to do, different validations may trigger to ensure sufficiency of included information. Many of these are self-explanatory, while a select few require a deeper knowledge of the interactions between pieces of an adjustment.

Using the Import/Export Function
Users are able to export data from BARS into Microsoft Excel and import data back into the system, which can expedite data entry and/or analysis. Excel is among the fastest ways to manage the detail in BARS, which is arranged into grids that must be adjusted manually to implement any changes. There are many rules to using the import/export function, and the method differs in certain tabs.

Position Reconciliation for FY 2027
Position Reconciliation is the process by which OBA updates all SPS budgeted positions in BARS to match class, grade, and step, largely by copying data brought in from Workday. It is a point-in-time process that ensures that the FY 2027 budget is based off of the most recent personnel data. After agencies gain access to BARS, they will then move and change positions via the Position Reconciliation adjustment type and release those adjustments prior to the submission of the BRS.

Contractual Positions
Agencies use the Contractuals Supporting Detail (SD) tab to adjust FTE and salary information for budgeted contractual positions across the three years of the budget request. Note that contractual positions must always maintain a minimum of a $28,800 to 1.00 FTE ratio. If the budgeted salary is less than that threshold, then a partial FTE must be used.

Contracts/Grants
Agencies are required to enter all budget line-items under object 08 contracts and object 12 grants into the BARS budget system in a separate SD tab. Each budgeted contract must be labeled with a name that indicates the contract's purpose and links to a separate database (see below) with other information including vendor, a contract description, total cost, etc.

Contracts/Grants Maintenance Screen
Agencies must provide detail for all contracts and grants over $50,000, including description data and the term of the contract and/or grant. The Contracts/Grants Maintenance Screen holds this data and allows agencies to maintain its own library of contracts and grants for use in the Contracts/Grants SD tab.

Real Estate
Agencies must enter all comptroller subobject 1301 non-DGS leases into the Real Estate SD tab. Each budgeted lease must be labeled with a name that indicates the building and links to a separate database (see below) with other information including address, square footage, etc.

Real Estate Maintenance Screen
Similar to the contracts/grants process, agencies should have developed a list of real estate leases that have a specific duration, total cost, description, name, and cost of the lease. The Real Estate Maintenance Screen holds this data and allows agencies to maintain its own library of non-DGS leases for use in the Real Estate SD tab.

Turnover Tab
This tab enables an agency to calculate the cost of changing budgeted turnover rates at the subprogram, program, unit, or agency-wide level. Agencies can then populate these calculated cost impacts into an adjustment's Expenditure (budget) grid. Note that the turnover on this tab is only for permanent positions, budgeted under subobject 0189, and not for contractual positions (0289).

Revenue Tab and Realigning Revenues
In BARS, all Expenditures must match Revenues by fund type at the program level, enabling DBM to compile the fund information published in the budget books. This fund source data is entered on the Revenue tab of every adjustment that impacts non-general funds.

BARS Ad-Hoc Guide and Data Dictionary
BARS ad-hoc reports are Excel pivot tables that link directly to information in BARS. Virtually all information in BARS can be pulled into an ad hoc, enabling users to quickly review information across agencies and years. Due to the numerous fields, agency users that are unaccustomed to pivot tables or BARS are encouraged to use the BARS Data Dictionary as a guide for this incredibly powerful tool.

Submitting the Budget Request
Once all of the adjustment detail has been entered into BARS pertaining to the budget request and the prior year's actuals, an agency then "bundles" these adjustments and aggregates them through the

Budget Request Submission (BRS) module that is used to submit the request and actuals to DBM. This compiled submission runs additional validation checks prior to submission to confirm that the budget submission as a whole is valid and sufficient, including checks to determine if the general fund target or other target "locks" have been exceeded. This budget submission method represents the final step in the agency budget submission before it is received by DBM analysts.

Creating an Amendment – Budget Amendments

DBM now requires that agencies submit budget amendments utilizing BARS—with the exception of amendments for higher education institutions and year-end closing amendments. DBM continues to work to maintain the Working Appropriation and keep it as updated as possible to limit massive changes when agencies are required to finalize their Actuals for the Budget Request Submission. For those agencies who do not have access to BARS and need to process an amendment, DBM requires that the agency work with their OBA analyst to submit the amendment through BARS on their behalf.

Various Reports

In addition to ad-hoc reporting in Excel, BARS provides a variety of easy-to-use reports that are pre-formatted to appear similar to reports from past budget cycles. These reports can provide a shortcut to much of the information located within the grids, and can even show information before it has been "Released" and finalized in the grids. DBM recommends a combination of pre-formatted reports and ad-hoc reports to provide a full sense of the budget prior to the budget submission:

- Subobject Analysis Report
- 3-Year Agency Report
- Position Detail Report

Reference: Agency Adjustment Types in BARS

Adjustment Type	Description	PY	CY	BY	Stage	OBA Approval?
Agency Actuals Adjustment	Allows an agency to adjust its stated actuals for the Prior Year in whatever way it needs to.	**Y**	N	N	Agency Actuals	N
CY Adjustment	Allows CY adjustments which are not budget amendments but realign funds within a program by fund type. Not a requirement for the budget request.	N	**Y**	N	Agency Working	N
Deficiencies	Agency deficiency requests for the Current Year.	N	**Y**	N	Agency Add'l Working	Y
Agency Adjustments	These are changes which agencies submit as an adjustment which do materially change programs, but on net fall within an agency's target (e.g. a reorganization between programs).	N	N	**Y**	Agency Request	N
Over the Target Requests	Agency "Over the Target" additional funding requests.	N	N	**Y**	Agency Add'l Request	Y
Reduction Options	Reduction options submitted by an Agency to meet its reduction target.	N	N	**Y**	Agency Add'l Request	Y
Position Reconciliation	Allows an agency to perform a position reconciliation which does not allow net changes to FTE counts. These are the only adjustments that may be submitted outside of the Budget Request Submission module.	N	N	**Y**	Agency Request	N

C. MANAGING FOR RESULTS

C.1 Managing for Results Submission Requirements

Important Notes for FY 2027:

- The Managing for Results (MFR) template for FY 2027 will be distributed by the end of July.
- **Agencies will be asked to fill out a Google form along with their MFR template submission. The link to this form will be sent out when templates are distributed.**
- **Like last year, prior year data (FY 2021 to FY 2024) will not be locked for editing.** DBM found that, while this process helped to protect data integrity, it slowed the process for agencies that needed to revise this data. Instead, agencies will be asked to 1) highlight revised prior year actuals in yellow; and 2) confirm data integrity in the Google form and Certification Statement. The "DO NOT EDIT" tab and all metric names/codes will remain locked for formatting consistency.
- All agencies will submit the MFR on one combined due date of **September 5, 2025**. This is NOT the same as the due date for your budget request, which is different for each agency.
- DBM asked agencies to submit MFR template changes by June 11, 2025. This allows DBM to update the Excel-based templates and distribute them by July.
- Data submitted by agencies fall into two categories: "MFR" (or "M" metrics) and "DBM/DLS only" (or "D" metrics). DBM will only publish the "MFR" data in the agency's official MFR plan.
- Data Definitions and Controls Procedures columns in the MFR Excel template must be completed for all "MFR" published measures. While not required, DBM highly recommends completing this data for the "DBM/DLS" metrics as well.
- Agencies with **public** State Plan Key Performance Indicators (KPIs) should provide Performance Discussion for all such metrics. Otherwise, the Performance Discussion column only needs to be completed for those metrics that have a notable trend worth explaining. See below (Section C.3) for additional guidance.

MFR Submission Files: Each agency must submit two electronic files - Section C.2 and Section C.3 provide more guidance for each component. Note that space for performance discussions and data definitions and control procedures are included within the MFR Excel template.

- MFR Excel template (**mandatory**): DBM will e-mail each agency an MFR template by late July 2025. Each agency must use this revised electronic file to create the FY 2027 MFR submission – **do not use a prior year MFR template or you will be required to resubmit**. Agencies should review the template to check for any errors (including verifying past year actual data), but should not change the format or insert new measures or objectives. DBM will ask agencies to resubmit if the files contain alterations.
    - Performance discussions (**mandatory**): See Section C.3 for guidance.
    - Data definitions and control procedures (**mandatory**): See Section C.3 for guidance.

- Signed data certification statement (**mandatory**): Submit as a PDF file. See Section C.3 for guidance.

Submitting MFR Files: Agencies should e-mail MFR documents to **oba.mfr@maryland.gov** and their DBM budget analyst by **September 5, 2025.** The subject line of the e-mail must list the applicable budget code for the agency and the acronym for each file attached, for example "H00 ET, C." This example indicates that the Excel template (with the performance discussion and data definitions and control procedures) and the data certification are attached. **Hard copies are not needed**. The file name for each document must include the budget code, the acronym that identifies the subject of the file, and the fiscal year. When

agencies submit revised files after the initial file submission, they should include the date of revision in the file name, for example "H00 ET 26 revised 11-20-24."

The acronyms and examples of file names are shown below:

Acronym:	Examples of file names:
ET = Excel template (*now includes Performance Discussion and Definition and Controls)*	**H00 ET 26**
C = Certification statement	**H00 C 26**

Excel Template: Please reach out to your DBM budget analyst and Corinne DeFrancisci (oba.mfr@maryland.gov) if you have any questions or concerns about the Excel template that DBM created for your agency. Some important notes for completing the Excel template:

- "MFR Do Not Edit" and "All Data" Tabs: The Excel template has three tabs. The "All Data" tab is the only tab the agency needs to update. Data entered in the "All Data" tab will automatically populate the "MFR Do Not Edit" tab. The "DC Section Key" tab provides descriptions of what information to include in the Data Definitions and Control Procedures section of the "All Data" tab.

- Few alterations to the MFR template will be permitted in the fall: Discussions about changes to the MFR should occur during the spring, as DBM has encouraged in the past. Agencies requesting to change goals, objectives, and measures after June 11, 2025 will be considered on a case-by-case basis.

- Explanatory endnotes **should be provided in the "One-time/Submission Year" column if they only pertain to the FY 2027 submission. Comments that will apply in out-year submissions should be provided in the "Recurring/Perennial" column. These endnotes are only required in the following cases:**
  - Actual data is not yet available or was revised from a prior year actual.
  - "Actual" data is an estimate rather than final.
  - Actual data was not collected for a specific year or is collected in alternate years.
  - Definition or calculation method for a measure changed.
  - Reporting period for data changed (for example, from state to federal fiscal year).
  - Technical or unusual term is used (for example, "walk-off").

  Endnotes should be concise - lengthy performance explanations should be included in the performance discussion column instead.

- Data revisions after submission**:** Agencies expecting changes to data or that have measures for which data are not available by the MFR due date, must include an explanation in the transmittal e-mail when submitting the initial files including: (a) which data will change and (b) when the final data will be available. When agencies submit the final files, the subject of the transmittal e-mail should include the language "**Final files including all data**" and the e-mail message should state what has been revised, with files that have changes highlighted.

- Proofreading: Agencies must ensure that 1) all data is accurate and complete, and 2) endnote text is concise, grammatically correct, and free of spelling errors.

C.2 Summary of MFR Submission Requirements for FY 2027

MFR COMPONENT	GUIDANCE	
Excel Template (ET)	Mandatory	Goals, objectives, and performance measures must remain the same in the DBM template. Requested changes will be considered on a case-by-case basis by the DBM budget analyst.
Mission	Mandatory	http://www.dbm.maryland.gov/Documents/MFR_documents/MFRGuidebook.pdf (Page 28)
Vision	Optional	http://www.dbm.maryland.gov/Documents/MFR_documents/MFRGuidebook.pdf (Page 41)
Key Goals	Mandatory	Agencies only need to submit agency-level goals, and program-level objectives/measures to support those goals.
Key Objectives	Mandatory	Objectives should be "SMART" – Specific, Measurable, Attainable, Results-Oriented and Time-bound. The Excel template will "roll-up" objectives under each goal. Include an explanatory endnote in the Excel template if a performance target in an objective has changed. Work with DBM to update the objective if the timeframe for an objective has passed. References to FY 2025 are OK to publish in the FY 2027 MFR, as it demonstrates whether the agency met its stated objective in the actual year.
Key Performance Measures	Mandatory	The performance measures included in the "MFR" data group have been determined with agency input as requested. Any later changes will be considered on a case-by-case basis by the DBM budget analyst. Agencies should update actual data for FY 2025, include estimates for FY 2026 and FY 2027, and double-check to ensure that data from past years is accurate. Include explanatory endnotes in the Excel template if actual data for a measure changed, estimated data is reported rather than actual data, or if a substantial change took place.
Performance Discussion (PD)	Mandatory	Agencies can provide performance discussion on a per-measure basis in the Excel template, but only for those measures that have a notable trend to explain. Further guidance is provided in Section C.3.
Data Definitions & Controls (DD&C)	Mandatory	DD&C's are the first step toward ensuring data integrity. Agencies must provide data definitions and control procedures for all "M" measures within the Excel Template. As a best practice, DBM recommends also recording this information for "D" measures. Further guidance is provided in Section C.3.
Data Certification Statement (C)	Mandatory	Each agency must submit an electronic, PDF certification **signed** by the agency head or designee that certifies the integrity of the MFR data. The certification letter should include the agency name and budget code. DBM requires only **one** signed certification to certify the integrity of all of the agency's data.

C.3 MFR Component Guidance

Performance Discussion (PD)

The Performance Discussion section is an opportunity for agencies to describe what data reveals about agency performance during the past year. Agencies should utilize the "Performance Discussion" column in the "All Data" tab of the Excel template to discuss performance on a per-measure basis. **Agencies are NOT required to complete the performance discussion section for every metric, only metrics with a notable trend to explain or for public State Plan KPIs.**

A typical performance discussion may include:

1) A concise statement of overall performance including what reported outcome and efficiency measures and other indicators show about the effectiveness and efficiency of the agency;

2) Outcomes attained and explanations for performance that surpasses, meets, or fails to achieve targets within the objectives;

3) When applicable, a comparison of program performance to similar programs in other jurisdictions using information from national standards, benchmarking, the experience of other similar states, or published articles, research, audits, or management evaluations.

If you need any assistance or have questions about the format for the performance discussion, please contact your DBM budget analyst and Corinne DeFrancisci at **oba.mfr@maryland.gov**.

Data Certification Statement (C)

The Data Certification submission should be a letter written on the agency's letterhead, signed by the agency head or designee, certifying that the entire content of the MFR submission is accurate. For example, the letter can state, "I have fully reviewed the Managing for Results submission for FY 2027 and hereby certify, to the best of my ability, the information to be reliable and accurate."

Data Definitions and Control Procedures (DD&C)

Agencies should use the "Data Definition and Control Procedures" section in the "All Data" tab of the Excel template to provide data definition and control procedures for each MFR metric.

Section 3-1002 (d) of the Maryland State Finance and Procurement Article requires agencies to maintain documentation of internal controls. When establishing performance measurement systems, agencies should ensure that:

- Documentation of data definitions and control procedures is complete, accurate, and consistent;
- Data collection, maintenance, and processing systems are designed to avoid significant error and bias;
- Sufficient information on verification and validation procedures is provided to allow a third party to assess whether those procedures and the reported data are credible; and
- Control procedures include:
    - Periodic review of data collection, maintenance, and processing procedures;

- Periodic sampling and review of data;
- Independent audits; or
- Other established procedures for verifying and validating data.

All agencies that added new metrics during the FY 2027 update process are expected to provide DD&C detail for each new metric.

Data from an external source should be indicated and verified where possible. Verification of third-party data may include obtaining from each data source the specific procedures used to ensure data integrity. **Agencies should update definitions and control procedures as necessary for existing metrics.**

Data Definitions: A data definition should include both conceptual and operational components that clearly explain the measure with a detailed description of its calculation to allow for replication. Agencies should specify formulas used to calculate measures in the data definitions. Additionally, a complete data definition should fulfill the following criteria:

- Describes the primary source(s) of information, its method of collection, and storage;
- Identifies any data limitations, including factors beyond the agency's control; and
- Identifies whether the data is cumulative or non-cumulative.

The reported measure must be consistent with what is being measured in the objective. For example, if the objective measures the percentage of Maryland children fully immunized, it would be incorrect to state the measure as the number of children fully immunized.

Control Procedures: Control procedures create a system to ensure that the collection and reporting of performance measures are reliable and accurate. A statement of control procedures should include detailed information regarding data collection and review, and list responsible parties.

There are three types of control procedures: input, process, and review:

Input controls are processes developed by an agency to provide reasonable assurance that data collection is accurate. Examples include:

- Data-entry training, including how information will be used and the importance of accuracy;
- Written and established guidelines and procedures for data entry that are used consistently;
- Information received via mail or telephone that is date stamped or logged when received;
- Supervisory review for accuracy of information entered into the computer system;
- Written documentation of the control structure from providers of third-party data; and
- Documentation of the third-party provider’s operations to ensure that the information received is accurate.

Process controls are mechanisms that provide reasonable assurance that performance measurement systems use the appropriate information and follow procedures established for data gathering and calculation of each measure. Examples include:

- Review of computer programs used to calculate or store performance data to ensure the correct information is being captured and the desired functions are being performed;
- Databases have all of the basic computer controls such as edit checks, logic checks, edit totals, and access controls;

- Personnel understand the origin of the information and stay current with any changes in its form; and
- Written procedures exist for collecting and calculating measures, and personnel are trained in this area.

Review controls are procedures to verify that an activity occurred and was correctly calculated to provide reasonable assurance that accurate data is reported. Examples include:

- Communication with executive management to ensure that the desired information is being measured or is capable of being measured;
- Reviewing the calculation of the performance data to ensure that the calculation is consistent with the measure definition and to check for mathematical errors;
- Internal audits of performance measures; and
- Review of MFR submissions for accuracy and typographical errors.

DBM requires agencies to use the Excel template to include DD&C Procedures in the corresponding sections on the "All Data" tab. Agencies should review the Excel template to ensure all required information is included in their submission.

If you need any assistance or have questions about the format for the DD&C Procedures, please contact your DBM budget analyst and Corinne DeFrancisci at **oba.mfr@maryland.gov**.

Section Title in "All Data" tab	Column Title in "All Data" tab of	Description of Information to Provide in "All Data" tab
IDENTIFIERS	Goal Number	Provide the MFR goal number for this performance measure.
	Objective Number	Provide the objective number for this performance measure.
DATA DEFINITION AND CONTROL PROCEDURES	Type (Input, output, outcome, quality, efficiency)	Indicate the performance measure type as input, output, outcome, quality, or efficiency. Refer to the MFR Guidebook Section A.3 (page 84) for additional guidance.
	Description and Definitions of Terms	Provide complete written description of exactly what is being measured in plain lanaguage. Define all terms from written description that need further explanation to ensure consistent interpretation and calculation.
	Data Source/Provider of Data	Provide name of the program/unit if internal source, or the name of the external source/third party provider of data.
	Document or Database Source	Provide the document or database name, file location, and name of organization that collects and maintains data and name of the document. If the document is on a personal computer, specify which drive and file folder(s). Indicate if data comes from a paper record, in house electronic file, or third party database. Provide the Web address if applicable.
	Contact Information	What entity or person owns and maintains the database? Specify whom to contract to learn more about the sources of data.
	Method of data collection	Describe the method of data collection and storage.
	Frequency of data collection	Specify how often the data is collected (monthly, annually, etc.)
	Report Timeframe	Specify whether data represent state fiscal year, federal fiscal year, calendar year or academic year.
	Calculation method(s) or formula(s)	Provide the calculation method or formula used to arrive at this performance measure. The formula will include the specific data elements referenced under "Data Source/Provider of Data" above.
	Data Accuracy and Reliability	How is accuracy and reliability of the data ensured? Describe what steps are taken to ensure data is not duplicated (audits, mgmt review, provider processes, etc.).
	Qualifications, limitations, or areas needing improvement`	Describe any qualifications for use of the data. Indicate any outstanding issues or action items that need to be addressed. Identify improvements in terms of data collection, reporting, etc. that are needed to make this performance measure more useful.
	Benchmarks (if applicable)	For comparision purposes, cite performance information for similar internal programs or programs in other jurisdictions or other states, national standards, or other sources such as published articles, research, audits, or management evaluations.