This document and all other FY 2028 Budget Instructions documents are currently under review for accessibility compliance. A revised version will be available on the DBM website by September 1, 2026

FY 2028 Budget Instructions

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Housekeeping Items

- Please mute your microphone
- This training will be recorded, attached to the calendar invite, and uploaded to the website
- Please type your real-time questions in the chat box
- Other questions can be addressed at the end of the presentation

Agenda

- Statewide Budget Perspective
- Budget Instructions Revamp: Overview of the Webpage, Roadmap, and Reference Guide
- What’s New for FY 2028
- Key Reminders
- Discussion and Questions

Statewide Budget Perspective

- The FY 2027 budget cycle addressed a nearly $2 billion (≈7%) budget gap, driven by federal actions, slow revenue growth, and entitlement costs.
- Per the 90-Day Report, the Legislative Session ended with a projected $2.6 billion structural budget gap in FY 2028, which grows to $3.7 billion by FY 2030.
- DBM projections for FY 2028 are closer to a **$3 billion gap** (≈10%), driven primarily by the Blueprint Fund running out of significant prior year carryover balances combined with entitlement programs and statewide personnel costs.
- Given the magnitude of this shortfall, it is particularly important that **agencies absorb additional costs within target** to the greatest extent possible and are thoughtful in their approach to reduction options, including thinking creatively about restructuring staff work and fee systems.

Overview: New Webpage

Overview: Revamped Primary Document

Overview: Revamp

- FY 2028 represents a significant **revamp, reduction, and reorganization** of last year's Budget Instructions
- **Budget Submission Roadmap & Checklist:** Chronological overview of the budget submission process.
- **Reference Guide:** Each phase of the Roadmap is supported by a corresponding Reference Guide section containing detailed guidance on specific budget topics.
- **Appendices:** The appendices contain standard rates, schedules, pricing information, and other reference materials
- **Additional Resources:**
  - BARS platform - "Support" tab: user guides and training materials
  - DBM Budget Instructions webpage: Key forms, presentation materials, and introductory Budgeting 101 resources

Roadmap to Budget Submission

Phase 1: Planning and Development

Phase 2: Finalize Prior Year Budget Data and Realign Current Year Budget Data (If Needed)

Phase 3: Prepare All Budget Year Adjustments and Requests

Phase 4: Submit the BRS and Required Documents, Notify DBM

Revised Reference Guide

- Each phase of the **Roadmap** has a corresponding section in the **Reference Guide**
  - You can use hyperlinks in the Roadmap to go directly to specific topics in the Reference Guide, or you can use the Table of Contents, or the "ctrl + f" search function
- Appendices contain standard rates, schedules, pricing information, and other reference materials

Phase 1: Planning and Development

- This phase involves establishing agency priorities, updating supporting detail (SD) data in BARS, reviewing baseline targets, and being mindful of DBM deadlines that may precede your budget submission due date.
- See Checklist and Reference Guide for more details about each of these tasks

Phase 2: Finalize Prior Year, Current Year Budget Data

- This phase involves entering prior year actuals and current year adjustments (with net zero impact) into BARS. Agencies can start as soon as prior-year actual data is available.
- See Checklist and Reference Guide for more details about each of these tasks

Phase 3: Prepare All Budget Year Adjustments and Requests

- **This phase involves entering budget year adjustments and current year deficiencies into BARS for submission through the Budget Request Submission (BRS) module.**
- **Key Components =**
  - Non-Baseline Budget Requirements and Requests (Agency Reductions, OTTRs, Agency Deficiencies)
  - Personnel Budgeting (Objects 01 and 02)
  - Other Operating Budget Development (Objects 03-14)
  - Fund Balances & Validation
- **The total General Fund request (excluding OTTRs) must not exceed the agency's general fund target, defined in the Target Memo.**
- **See Checklist and Reference Guide for more details about each of these tasks**

Phase 4: Submit the BRS and Required Documents, Notify DBM

- This phase involves submitting the BRS, notifying DBM by email, and attaching all additional documentation that must accompany your budget submission.
- See Checklist and Reference Guide for more details about each of these tasks

Summary of Resources

- Revamped Budget Submission Instructions:

If you need to…	Go to…
Understand what needs to be done and when	Roadmap and Checklist
Find guidance on a specific topic	Reference Guide
Look up rates, schedules, or pricing	Appendices

- In addition, you can find forms and training materials on the DBM Budget Instructions webpage and BARS user guides on the BARS website.
- Contact your OBA Budget Analyst with additional questions!

New for FY 2028

Policy Updates and Reminders

Current Year Funding Requests

- Agencies are encouraged to use budget amendments for current year changes to special and federal fund appropriations, rather than deficiency requests. **This is a change from prior years**
- **Note:** Agencies should continue to use deficiencies for special and federal fund changes that are tied to a general fund deficiency (i.e., requests that involve matching funds)
- Due date for budget amendments to be reflected in the budget volumes: **November 1, 2026**

Deficiency Requests

- New this year, the Administration will not consider operational deficiencies representing less than 1% of an agency’s total general fund budget, as costs of that magnitude should be absorbed within the budget.
- Agencies must receive prior approval from DBM and their Governor’s Office Deputy Chief of Staff (DCOS) before submitting a deficiency to support increased personnel costs.

Paid Family and Medical Leave (PFML) Rollout

- Effective July 1, 2026, 12 weeks of paid, job protected leave are available for eligible Executive Branch employees for qualifying family and medical reasons
- Agencies can assess whether PFML may necessitate budgetary realignments to account for increased overtime, vacancy-related costs, provider payments, acting pay, higher contractual employee costs, additional Human Resources workload to process leave requests, or potential long-term increases in leave liabilities, as unused sick leave may count toward retirement service credit

Evidence Requirement for Enhancement Over-the-Target Requests (OTTRs)

- In FY 2028 all enhancement OTTRs must be considered an *evidence-based* program or an *evidence-building* program. In previous years, this was encouraged, but not required
- To determine whether a program or initiative is evidence-based, agencies can provide information from: An agency-sponsored evaluation, evidence-based research clearinghouse, academic research institution, peer-reviewed journal, information from other states, or your own agency's research and data
- Contact deanna.ping@maryland.gov for additional support in meeting the evidence requirement
- Additionally, agencies must also state which of the State Plan's 10 points the enhancement OTTR supports

Copy Agency Heads on Submission Email

- For coordination and communication purposes, please copy your agency head on your budget submission email to oba.tds1@maryland.gov, in addition to your OBA Budget Analyst

COVID-19 Federal Relief Funds Expiring

- The FY 2028 budget submission should only include federal relief funds as part of FY 2026 actual expenditures and FY 2027 current year appropriation, not the FY 2028 agency request
- All funds from the American Rescue Plan Act of 2021 (ARPA) must be fully spent by December 31, 2026

Government Modernization Initiative (GMI) Update

- FY 2026: DBM processed four GMI-related budget amendments (011-26, 042-26, 047-26, 069-26) to realign General Fund savings to cover the negative amount budgeted in DBM.
- FY 2027: Ongoing savings from BAs 011-26 and 042-26 are reflected in agency appropriations. Savings from BAs 047-26 and 069-26 will be captured through year-end reversion targets.
- FY 2028 and Beyond: Agencies should not submit GMI-related savings as a reduction options but may realign GMI savings within their budget to cover identified shortfalls.

Key Reminders

Important Dates

- See your Target Memo for your budget submission deadline.
- Important deadlines to remember before your budget is due:
  - Reorganization requests for FY 2028 due: **September 1, 2026**
  - Annual salary reviews/pay plan adjustments and new classification requests due: **September 1, 2026**
  - Managing for Results (MFR) data due: **September 4, 2026**

Plan Ahead to Provide Required Documents

- All agencies must submit a memo from the head of your agency and a current organizational chart with the budget request. <u>Memos are due 3 calendar days before your budget due date.</u>
- Review the Budget Instructions Reference Guide to identify any additional required forms.

Submission Deadlines & Extension Requests

- If necessary, submit a due date extension request to nathan.bowen@maryland.gov and copy your OBA Budget Analyst and Governor's Office Deputy Chief of Staff
- OBA will consider extensions of no longer than 1 week
- OTTRs will not be considered for agencies with late submissions (does not apply if the agency meets an approved, extended deadline). **Nor will DBM consider over-the-targets submitted after the budget submission.**

Questions? Please type them in the chat box