

### A.3 Budget Development Guidance

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

In BARS—the statewide solution for budget development and analysis—agencies submit adjustments against the baseline budget (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 [dlbudgethelp\\_dbm@maryland.gov](mailto:dlbudgethelp_dbm@maryland.gov) and CC the OBA analyst with the BARS item# so that the item can be approved and released. Agencies must include a subprogram description with each subprogram that is created, at least a sentence long (preferably longer) explaining to DBM and DLS readers the purpose and work of that subprogram. Make sure to include in the email an explanation of the reason for the changes. The 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 [dlbudgethelp\\_dbm@maryland.gov](mailto:dlbudgethelp_dbm@maryland.gov) and CC the OBA analyst with the BARS item # so that the item can be approved and released. Make sure to include in the email an explanation of the reason for the changes. The 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 [dlbudgethelp\\_dbm@maryland.gov](mailto:dlbudgethelp_dbm@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 2025 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) completing Position Reconciliation which sets the permanent employee salary and fringe budget for FY 2025, (2) updating actuals information for FY 2023 in BARS which will help an agency to determine their non-salary and fringe needs for FY 2025, (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 their Position Reconciliation adjustment. 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. Reconcile Positions**

Even before the target and agency request is available in BARS, agencies can work ahead by ensuring that Workday data is up-to-date as much as possible, consulting reports in BARS that indicate where differences exist between the budget system and Workday. If there are differences between the two datasets, create a separate tracking spreadsheet to plan for the needed changes in BARS (as presumably Workday is more up-to-date). These changes may include differences in location, class code and grade/step, and fund split. In the event BARS data is correct and Workday is not, agencies should update Workday accordingly. Agencies should also be tracking the differences in salaries and fringes between FY 2024 and FY 2025 and assess changes for the budget request. For example, if a position has been reclassified upwards and is now more expensive, funding may need to be reduced elsewhere in the budget to cover those additional costs.

During the official "Position Reconciliation" (POS REC) process directed by DBM, agencies should go into BARS and begin using position adjustments to correct the position data. Through POS REC, agencies can prorate the same fund type split (general, special, federal, reimbursable) across all positions within a given subprogram to simplify position revenue data consistent with expenditures in a given program or subprogram. For example, if salaries for the subprogram are overall 50% general and 50% federal, apply this same fund split across all positions rather than calculating the funds supporting each one by one. This method is far easier than managing fund type splits on a PIN-by-PIN basis within the budget system.

### **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. BARS validates data across all three years to make sure there is a 1.00:\$20,000 FTE-to-salary ratio. This validation is not enforced until the Budget Request Submission (BRS) module. However, DBM asks that agencies ensure a ratio of 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 2025 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 2023 appropriation (for the FY 2023 Actuals). Continue by planning funding changes for existing contracts and assessing needs versus the FY 2024 legislative appropriation (which rolled over to become the FY 2025 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 both 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 2023 to reconcile to the actuals, and make changes where necessary in FY 2025.

## 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 2025.

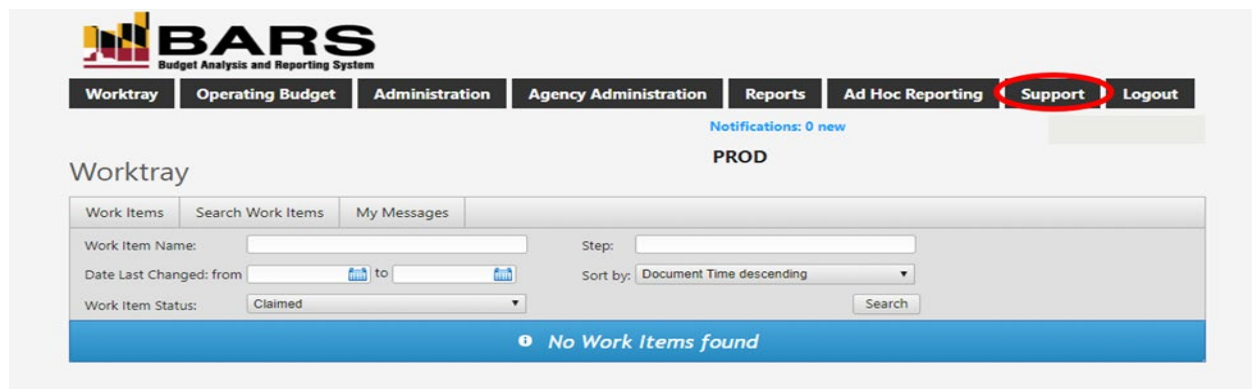
Use the Export/Import feature with formulas if you are more comfortable inputting whole numbers while working on the budget request instead of adjusted numbers.

- 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 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 or increase current year 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.

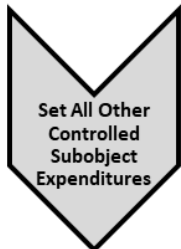
### Building Blocks of the Budget



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



- 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 contractuales. 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:
  - Will the agency be reclassifying individual employees?
  - Will the agency be converting contractual employees to permanent employees?
  - What are the current vacancies and how many of those will be filled in the budget?



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



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