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 65.5 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.:
http://www.dbm.maryland.gov/Pages/TravelManagementServices.aspx

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 2023 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 2025.

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

Fuel – Natural Gas/Propane (0606): Agencies that use natural gas procured by the Department of General Services (DGS) should level fund the FY 2025 request with the FY 2023 actual expenditures, except for University System of Maryland (USM) institutions.

Utilities – Electricity (0620): Agencies consuming electricity procured by DGS should request FY 2025 funding in line with the FY 2023 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 2025.

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 May 2023 in Appendix 3. 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 3, 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 Tom Jones at tom.jones2@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 2025 budget request for vehicles with a **DA-8 form**, in Excel format, described in additional detail later in this section.

Electric Vehicles

In FY 2025, 25% of vehicles purchased for the State Fleet must be electric vehicles (zero-emission vehicle (ZEV) equivalent). This requirement will increase to 50% of vehicles purchased in FY 2026. As a result, the DA-8 form has been revised to include two new 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.

- 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 2025. 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 2025 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 4. The price list provides estimated purchase prices to replace different types of vehicles. The prices must be adjusted by the estimated trade-in value of each vehicle, found in Appendix 5. 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 2025, 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 also should include the following information in the comment field:

- Explanation of why low-mileage replacement vehicles should be considered for approval (damaged beyond economical repair, will incur extraordinary maintenance costs, etc.).
- Reason that vehicles 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 column in the DA-8 form to indicate the price and detail for those purchases.

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 greater than $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 less than $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 cost of the next year of an approved multi-year contract,
- Three-year average of expenditures plus inflation,
- Current contract plus inflation, or
- Projected rate times units of service.

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.

Department of Information Technology (DoIT) Services Allocation (0876)

During the FY 2020 budget development process, DBM worked with DoIT to consolidate the various DoIT-related costs that agencies faced (for 0305 telecommunications other than radios, 0876 Google/GIS, and other Enterprise-related billings) into subobject 0876. DoIT will only bill agencies for these exact amounts unless there is a separate MOU established outside of the Enterprise process to which both DoIT and an agency have mutually agreed.

The FY 2025 funding for 0876 in agency targets will match the FY 2024 legislative appropriation by fund type in BARS. Agencies can realign this funding across their agency, but cannot change the total amounts by fund type. DoIT will work with agencies in the summer and fall of 2023 to update needed services.

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

Section 28 of the FY 2024 Budget Bill requires State agencies and public institutions of higher education to report to DBM by August 1, 2023 on any interagency agreements in place for any part of FY 2023 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 28 also requires agencies and institutions to receive approval from the Secretary of DBM before entering into any new higher education agreements in FY 2024 **in which total expenditures may exceed $500,000**.

For additional information on reporting requirements, please refer to the reporting requirements on the website, https://dbm.maryland.gov/contracts/Pages/InteragencyAgreementReporting.aspx.

For additional information on the approval of contracts that exceed $500,000, please refer to the website as well, https://dbm.maryland.gov/contracts/Pages/InteragencyAgreementApprovals.aspx.

A.5.5 Supplies and Equipment - Objects 09, 10, and 11

Supplies and Materials (Object 09)
Please refer to the Department of General Services website for statewide contracts for agency supplies at http://dgs.maryland.gov/Pages/Procurement/BidsAwards.aspx. For food and supplies for food preparation, select the "Food (Related)" category.

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 at https://mce.md.gov/Products.aspx.

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

The Department of Information Technology has master contracts for computer equipment, found at http://doit.maryland.gov/contracts/Pages/HWMasterContractHomepage.aspx. In addition, see Appendix

8 for more information regarding computer equipment prices as well as information on the technical definitions of various Comptroller Objects.

The schedule for payments of equipment purchased through the State Treasurer's Office Master Equipment Lease Purchase Program can be found in Appendix 7. 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 has 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 2025 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)
1302 must be used for budgeting insurance premiums, **with the required FY 2025 schedule by agency provided in Appendix 6.** Specific questions regarding premiums should be directed to the State Treasurer's Office (STO) at 410-260-7684.

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

1. Rental Payments to DGS for State-Owned Property: Agencies funded only with General Funds and occupying space in buildings operated by DGS do not pay rent and should not budget for rent for this purpose. Agencies funded with any portion of Special or Federal Funds that occupy space in buildings operated by DGS are required to pay rent to DGS based on the percentage of space occupied by special or federal fund positions. Agencies paying rent to DGS should budget the entire amount in subobject 1303. Agencies with legislative space will be billed at the full reimbursement rate regardless of whether the agency utilizes general funds or other agency funds. See Appendix 9 – State-owned Property Lease Schedule for FY 2025 charges. **Please contact your DBM budget analyst by August 7, 2023 if there are any projected changes to your square footage needs. DBM will make any needed adjustments in the FY 2025 Governor's Allowance.**

   Of note, there are substantial changes to the DGS rent schedule this year due to agency relocations out of State Center into leased facilities in Downtown Baltimore. Agencies with finalized moving dates as of the publishing of this schedule are reflected accordingly. Agencies in flux are highlighted in GREY in the schedule. These agencies should still budget to match the schedule, but should also know that adjustments may be made throughout the fall as DBM, DGS, and agencies work to finalize the FY 2025 Governor's Allowance related to the moves. Any questions can be directed to tom.jones2@maryland.gov.

2. Lease Oversight Charges: Charges are based on the number of leases and square footage per agency administered by the DGS Lease Management Division. Agencies should budget for lease oversight charges in accordance with the schedule in Appendix 9. DBM will make appropriate adjustments in the FY 2025 Governor's Allowance.

   Agencies with lease oversight charges in flux due to planned moves from State Center will be highlighted in GREY in the schedule. These agencies should still budget to match the schedule, but should also know that adjustments may be made throughout the fall as DBM, DGS, and agencies work to finalize the FY 2025 Governor's Allowance related to the moves. Any questions can be directed to tom.jones2@maryland.gov.

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

A.5.8 Land and Structures - Object 14 (Operating Maintenance)

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

DGS Administered Maintenance
Operating maintenance projects administered with DGS funding should not be included in an agency's budget request submission. Additionally, the budget submission should exclude any funding for 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 2025 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 2025 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 2025. 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 or Tom Jones at tom.jones2@maryland.gov.