

June 19, 2015

TO: All Departments and Independent Agencies

FROM: Department of Budget and Management (DBM)

SUBJECT: FY 2017 Operating Budget Submission Requirements

Since taking office, Governor Hogan has set out clear goals to put the State's finances on the path to long-term sustainability and to establish a more efficient and cost effective government. Efforts by State agencies to constrain costs, consolidate or streamline activities, and implement efficiencies have played a critical role in our early successes, but significant work remains to be done.

Attached are the requirements for submitting agency FY 2017 operating budget requests. In keeping with the Governor's commitment to fiscal discipline, we are asking that you work with your staff to craft a FY 2017 budget proposal that:

- Maximizes efficiencies and identifies potential cost savings;
- Maintains the 2% structural budget reductions implemented in FY 2016;
- Streamlines operations and, where appropriate, consolidates or eliminates functions and programs; and
- Improves our ability to serve Maryland citizens.

The Department appreciates your cooperation in this important endeavor.

**Reminder:** Refer to [Section 1.1](#) for a summary of new or revised requirements.

## 1.1 NEW FOR FY 2017

### **Salaries for FY 2017**

FY 2017 salaries are to be based on the pay plan in effect July 1, 2016. *DBM will add any additional funding needed for any FY 2017 approved salary adjustments.* Refer to Sections 2.14-2.24 for salary rates.

### **2% Across-the-Board Reduction**

Per Section 19 of the FY 2016 Budget Bill, 2% of agency general funds have been removed from FY 2016 agency budgets, reflected in comptroller subobject 0840. Agency plans to realign funding to meet the reduction will be reflected in a budget amendment to be prepared by DBM upon approval of agency plans. The request and all forms submitted with the request should reflect this realignment.

FY 2017 budget targets will reflect the removal of this funding as a permanent reduction from agency budgets.

### **Fuel and Utilities**

Natural gas and propane	3% over FY 2015 actual expenditure
Electricity	3% over FY 2015 actual expenditure

### **Social Security (FICA) Contributions (0151 and 0213)**

The 0151 for FY 2017 = 7.31% of salary (0101+0102+0104+0105+0110+0111+0112) up to \$124,789. For an annual salary over \$124,789 the rate is 1.45% of the amount over \$124,789.

The 0213 rate for FY 2017 = 7.65% of each position's salary (0220) up to \$119,260. For an annual salary over \$119,260 the rate is 1.45% of the amount over \$119,260.

### **Health Insurance**

At this time, the rates for health insurance (both 0152 and 0154) are still to be determined. Please do not attempt to calculate health insurance costs yet. DBM will provide more details in the next month.

### **Contractual Health Insurance**

DBM is currently assessing how these new health benefit expenses will be budgeted. More details will be provided by the Office of Personnel Services and Benefits in the upcoming months.

### **Retirement Rates**

0161	Employees' Retirement System	16.88% of 0101
0163	Teachers' Retirement System	16.28% of 0101
0165	State Police Retirement System	79.70% of 0101
0166	Judges' Pension System	40.70% of 0101
0169	Law Enforcement Officers Pension System	41.93% of 0101

### **Contractual Employee Turnover**

In FY 2017, each agency should budget contractual turnover based on the agency's turnover rate for permanent positions **plus** an additional 4.62% to account for a "reasonable" vacancy rate for the 12 annual holidays.

**Vehicle Commuter Charges**

See rates in Section 2.8. The actual FY 2017 schedule to be used will be developed near the beginning of FY 2017 and may be different than the chart in these instructions.

**Summary of Accomplishments**

Accompanying the budget request, each agency should submit a one-page (or less) summary of accomplishments in a Word document that could be highlighted in the presentation of the FY 2017 budget. The department/agency is to submit at least one accomplishment that is for the year just ended (FY 2015).

**Agreements between a State agency and a public institution of higher education**

As described in the letter sent from DBM on May 6, 2015, for FY 16, there are two new requirements related to Agreements between Agencies and Institutions. Section 31 of the Fiscal 2016 Budget Bill requires that DBM review each current Agreement that is **in excess of \$500,000**. Additionally, no new Agreements between Agencies and Institutions that involve expenditures exceeding \$500,000 over the term of the Agreement may be entered into for FY 2016 **without prior approval by DBM**.

**MBE Reporting**

All agencies should submit an annual forecast of new and recurring contracts estimated to exceed \$100,000. The report of FY 2016 expected contracts is due to the Governor's Office of Minority Affairs (GOMA) on June 30, 2015. Please contact Janice Montegue at GOMA, 410-767-5381, with any questions.

## 1.2 COMMON MISTAKES AND OMISSIONS

**THE FOLLOWING ARE OFTEN OMITTED OR DONE INCORRECTLY.**

### **Checklist**

The checklist, [Section 1.3](#), must be completed and attached to the front page of each budget submission. If the department/agency submits any 6-digit units or 8-digit programs separately, there should be a checklist for each unit or program.

**Name changes or new programs** must be approved by DBM **before** the budget submission.

### **Positions and Salaries for FY 2017**

All positions abolished in FY 2015 via Section 23 of the FY 2016 Budget Bill (Voluntary Separation Program) must be removed from the agency budget request. Requests for salaries and fringe benefits should be based on the pay plan effective July 1, 2016. *DBM will add any additional funding needed for any FY 2017 additional approved salary adjustments.* Refer to [Sections 2.14-2.24](#) for salary rates.

**Social Security (FICA) Contributions (subobjects 0151 and 0213)** are calculated on salary plus other salary subobjects. Please see [Sections 1.7.3 and 1.8](#).

**Deferred Compensation (subject 0172)** Do not budget in the FY 2017 request.

**Turnover** is not calculated on health insurance (subobjects 0152 and 0154).

**Non-General Funds:** See [Section 1.6](#). All non-General Funds MUST be

- (1) entered into a HOBO Fund File, **or**
- (2) submitted in an electronic Excel file in the same format as the HOBO Fund File

In addition, the hard-copy budget submitted to Vanessa Plante-McDonald MUST have

- (1) Form 3A and Form 20 printed from HOBO, **or**
- (2) Excel Form 3A and DA-20 with all fund source information. The Fund File information must reconcile with the Budget File information in the request.

### **Pay Plan Adjustments**

Any reclassification proposals that affect entire classifications must be included in the FY 2017 request, and submitted using the DA-25 forms. Any adjustments should be budgeted in subobject 0112 (reclassifications). If an agency has included funding in subobject 0112 without supporting documentation, DBM will reduce funding when developing the FY 2017 allowance. See [Section 1.7.2](#) for more information.

### **Organizational Charts**

Section 30 of the FY 2016 Budget Bill requires a one-page organizational chart for each department, unit, agency, office and institution in Microsoft Word or Adobe PDF. [See Section 1.26](#).

### **Reorganizations**

An agency must discuss any reorganization with the DBM budget analyst prior to submission of the budget request. Reorganizations include (a) the creation or movement of a unit that will have a

budgetary impact or (b) more than 3 positions being reclassified at one time. Agencies should submit to the analyst the affected positions, existing and proposed organizational charts, necessary reclassifications, rationale for the change, policy and Managing for Results impacts, and current or long-term budgetary impacts.

The budget documents for the request should reflect any pending or approved reorganization by including actual year (2015) and appropriation year (2016) data that is consistent with the reorganization plan (ie. analysts should be able to compare across years, even accounting for a reorganization).

### **Vehicle Requests**

Please email all DA-2, DA-8, DA-8F, and DA-8AP forms in Excel to Kurt Stolzenbach: [kurt.stolzenbach@maryland.gov](mailto:kurt.stolzenbach@maryland.gov) and to the DBM budget analyst.

### **Grants**

Each agency is required to provide detail on funds granted by the agency to other entities. Each grant of \$25,000 or more must be listed on a DA-23. Refer to instructions in Section 1.13.

### **Indirect Cost Allocation Plans**

If applicable, each State agency must submit a copy of its indirect cost allocation plan currently approved by the applicable federal agency. Instructions are included in Section 1.25 that outline the specific reporting requirements for submitting the indirect cost allocation plan. The estimated figures for FY 2016 and FY 2017 should be added.

### **Budget Amendments**

- (1) Agencies must adjust the FY 2016 appropriation for budget amendments prepared by DBM, such as those for FY 2016 Annual Salary Reviews (ASR), for the approved FY 2016 2% Across-the-Board reduction plan, and for the reinstatement of FY 2016 funding to continue the FY 2015 COLA.
- (2) Budget amendments for new Major Information Technology Development Projects must include an Information Technology Project Request (ITPR).
- (3) Only budget amendments signed by the Governor will be included in the FY 2016 appropriation detail printed in the Governor's Budget Books for FY 2017, excluding the Maryland Department of Transportation PAYGO capital program, (per Section 32 of the FY 2016 Budget Bill). To update the FY 2016 appropriation to reflect budget amendments in process, all budget amendments must be submitted to DBM no later than September 25, 2015.
- (4) Agency staff must carefully evaluate cash flow needs and accurately estimate the federal and special fund requirements included in the Governor's budget for FY 2017. If potential budget amendments can instead be appropriated through FY 2016 deficiencies, those deficiencies should be brought to the attention of DBM as the FY 2017 budget request is prepared.

### **Over-the-Target Requests**

Requests for funding above the target should be completed in accordance with guidance in Section 1.20 and submitted separately on the DA-21 forms *at the same time as the budget request*. DBM will not accept any over-the-target request until the electronic base budget has been submitted. Before submitting an over-the-target request, each agency and department should consider whether there are funds that could be reallocated from within current resources to cover the request. There is a limit of three items only and multiple requests should not be combined into a single item. **Over-the-**

**target items in excess of three will not be reviewed. Over-the-target requests need to be prioritized.**

### **Major Information Technology Development Projects (MITDPs)**

The funding for each year of a MITDP must be carefully reviewed by the agency budget staff and DBM staff. Please carefully align the budget and ITPR to reflect any changes in the scope of the MITDP. Any special and federal fund sources to be used to support the project should be identified in the budget request.

### **Controlled Subobjects**

The FY 2016 legislative appropriation amount per controlled subject will be included in the target letter from DBM. **The FY 2017 budget request must contain** exactly the same amounts by fund as the FY 2016 legislative appropriation sent with the targets (HOB0 columns 15, 36, 37, 38, 39) for the following subobjects. DBM will modify the FY 2017 budget once decisions about the items are finalized.

- 0175 = Injured Worker's Insurance Fund (IWIF) premiums
- 0305 = DBM paid telecommunications
- 0322 = DBM telecommunications lease costs
- 0697 = Maryland Environmental Service charges
- 0831 = Office of Administrative Hearings
- 0833 = eMaryland Marketplace
- 0874 = Office of the Attorney General administrative fee
- 0875 = Retirement administrative fee
- 0876 = DoIT services allocation
- 0882 = Annapolis Data Center charges
- 0894 = Statewide Personnel System allocation
- 0897 = Enterprise Budgeting System allocation

Agencies for which special-funded legislative audit chargebacks were budgeted in FY 2016 should deduct the chargebacks in the FY 2017 request.

### **Lease Purchase Program for Equipment**

If an agency's total budget request for equipment financed through the Treasurer's Lease Purchase Program is different from the amount in the Schedule of Payments, [Section 1.15](#), please provide an itemization of additions and subtractions on a [DA-2](#) form, clearly identifying how the request is derived. If an agency plans to finance the purchase of additional equipment, the amounts on the schedule should be increased. If an agency plans to "pre-pay" any leases, the amount should be decreased.

Agencies requesting funds in FY 2017 for additional equipment lease purchases must wait until the General Assembly approves the budget before purchasing the item from the vendor. See [Section 1.14](#) for more information.

### **Operating Maintenance**

Requests for new or additional operating maintenance projects should be sent directly to the Assistant Secretary for the Office of Facilities Planning, Design and Construction, Department of General Services, 301 W. Preston Street, Room 1400, Baltimore, MD 21201. Call (410) 767-4214 with questions. The budget submission should exclude any funding for the following items in the request year:

- Operating maintenance projects administered by the Department of General Services, and
- General-funded capital projects.

**MFR Submission Requirements**

Please review the requirements in Section 4 to ensure that the MFR performance measures are accurately reflected in the final Budget Books.

### 1.3 CHECKLIST OF SUBMISSION REQUIREMENTS

(Attach to each budget submission)

**This checklist should be completed and attached to the front of the budget submission.** Submit one original and one copy of the budget request, including the following forms, by the submission date to Vanessa Plante-McDonald, 45 Calvert St., Room 243, Annapolis. Forms must be at the same level of detail as the budget submission.

**Agency Checklist**

- MFR documents must be submitted to [oba.mfr@maryland.gov](mailto:oba.mfr@maryland.gov) \_\_\_\_\_
- Organizational Chart (email to [kurt.stolzenbach@maryland.gov](mailto:kurt.stolzenbach@maryland.gov) & to analyst) \_\_\_\_\_
- Accomplishments (email to [kurt.stolzenbach@maryland.gov](mailto:kurt.stolzenbach@maryland.gov) & to analyst) \_\_\_\_\_
- Controlled subobjects must be budgeted at FY 2016 amount, by fund (see Section 1.2) \_\_\_\_\_
- Budget Amendments for FY 2016 **must be submitted by September 25, 2015** \_\_\_\_\_
- DA-1 Agency, Unit, Program Summaries (**contractual counts must be reconciled**) \_\_\_\_\_
- DA-2 Additional Justifications, Supplementary Material, or **Data for Appendices** in Budget Highlights book \_\_\_\_\_
- DA-2A Health Benefits \_\_\_\_\_
- DA-3A Estimate of non-General Fund expenditures  
**Must be reconciled with totals in the budget submission** \_\_\_\_\_
- Forms DA-8, DA-8AF, and DA-8AP are only for new vehicles.** *Email to Kurt Stolzenbach: [kurt.stolzenbach@maryland.gov](mailto:kurt.stolzenbach@maryland.gov) and to the DBM budget analyst*
- DA-8 Motor Vehicle Operation & Maintenance \_\_\_\_\_
- DA-8AF Motor Vehicle Operation & Maintenance, Alternative Fuel \_\_\_\_\_
- DA-8AP Motor Vehicle Operation & Maintenance, Add-on Packages \_\_\_\_\_
- DA-20 Statement of Non-General Fund revenue. This may be a HOBO printout instead of the Excel Form. **It must reconcile with totals in the budget submission.** \_\_\_\_\_
- DA-21A Over-the-Target Request (**only if necessary and not to exceed three**) \_\_\_\_\_
- DA-21B Over-the-Target Request (Excel Form) \_\_\_\_\_
- DA-22 Contractual Employees (**This should reconcile to DA-1.**) \_\_\_\_\_
- DA-23 Schedule of Contracts/Interagency Agreements/Grants \_\_\_\_\_
- DA-24 Schedule of Real Property Leases \_\_\_\_\_
- DA-25A Pay Plan Adjustment or New Classification Request: Justification \_\_\_\_\_
- DA-25B Pay Plan Adjustment or New Classification Request: Details \_\_\_\_\_
- DA-25C Pay Plan Adjustment or New Classification Request: Summary \_\_\_\_\_
- DA-27 Indirect Cost Recovery and Reversion Reporting \_\_\_\_\_

## 1.4 OPERATING BUDGET CALENDAR

Mid-April – June	<p>Budget submission requirements and budget targets developed by Office of Budget Analysis (OBA)</p> <ul style="list-style-type: none"> <li>• OBA determines projected expenditures and revenues for the current level of service</li> <li>• OBA considers items, in addition to the current level of service, which might be necessary in the next fiscal year. Agencies may be asked to provide information about such items</li> <li>• OBA reviews data and determines budget target</li> </ul>
End of May	Legislative appropriations finalized
June 23, 24, 25	Budget submission requirements meetings
July 1	Fiscal Digest available on DBM website
Early July	Budget targets distributed
July – August	Agencies prepare budget submissions
Aug. 28 – Oct. 2	Agency budget requests due to OBA
October – November	Agency Budget Hearings
December – mid-January	<p>Governor’s Allowance created</p> <ul style="list-style-type: none"> <li>• Decisions regarding agency budgets and statewide issues are finalized by the Governor and senior staff</li> <li>• OBA prepares the Governor’s Allowance budget and various complementary publications</li> </ul>
3rd Wednesday in January, or 10 days after the 2 <sup>nd</sup> Wednesday if a newly elected Governor	<p>Introduction of the Governor’s Budget</p> <ul style="list-style-type: none"> <li>• Press conference by the Governor</li> <li>• Budget on DBM website</li> </ul>
January – early April	<p>Legislative Session &amp; Supplemental Budget</p> <ul style="list-style-type: none"> <li>• General Assembly holds public hearings on the Governor’s budget and recommends reductions</li> <li>• Agencies submit supplemental budget requests</li> <li>• Governor may introduce supplemental budget</li> <li>• General Assembly passes amended version of the Governor’s Budget</li> <li>• General Assembly may pass supplementary appropriation</li> </ul>

## 1.4 BUDGET DEVELOPMENT GUIDANCE

The State of Maryland uses a current services budget (CSB) process. In creating the CSB target DBM begins with a base of the previous year's budget and adjusts that amount for certain known changes. When building a budget, each agency must carefully consider the target provided by DBM and determine what action is needed to submit a budget within that target. This may involve decreasing portions of the budget below the previous year's expenditure level. Please contact your assigned DBM analyst if you would like guidance for a specific type of expenditure. Agencies should include documentation with the budget request regarding assumptions made about each category of expenditure (subobject). Please refer to [Section 2.2](#) for a list of subobjects and guidance on each.

### General Considerations

Some general considerations that the agency should make before beginning to build the budget include:

- 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?

### Strategies

*Averages:* When determining the budget for some objects it may make sense to budget the average of the last three completed fiscal years. Averages should be applied to recurring expenditures that are not "controlled subobjects." (See Section 1.2 for a description of controlled subobjects). Consider, for example, the travel costs of an inspection program. If the number of inspections stays the same each year, the travel costs may be relatively stable, depending upon fuel costs. Using the average of the last three years may allow for a stable funding level that changes marginally to reflect actual travel costs.

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

*Inflationary Factor:* In some cases it makes sense to inflate the previous year's budget. In general, the State uses the Implicit Price Deflator for State and Local Expenditures. This will be an appropriate strategy for expenditures that are consumer-based, such as supplies.

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

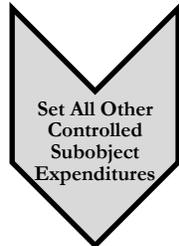
## Building Blocks of the Budget



- 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.
- 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, 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 is now providing health insurance for certain contractual employees. DBM is currently assessing how these expenses will be budgeted. More details will be provided by the Office of Personnel Services and Benefits in the upcoming months.
- 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. The agency should carefully follow the budget instructions and contact the assigned DBM budget analyst if there are any questions or concerns. These subobjects are 0175, 0305, 0322, 0697, 0831, 0833, 0874, 0875, 0876, 0882, 0894, and 0897.



- The budget should include any mandated (non-discretionary only) increases or expenditures set forth in statute as well as carry forward any required contractual expenditures and capital lease financing payments. The agency should include all of these requirements with the request. 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 as a result of 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.

## 1.5 BUDGET PROCESSING AND FORMAT

The FY 2016 Budget Bill directs all State agencies to prepare and submit budget items as detailed by statewide subobject classification, in an automated format. Any questions concerning the requirement for automated budget data should be referred to Vanessa Plante-McDonald, Office of Budget Analysis (410-260-7659 or [vanessa.plante-mcdonald@maryland.gov](mailto:vanessa.plante-mcdonald@maryland.gov)).

1. **Electronic Format:** All budget submissions must include subobject detail and funding detail for the FY 2015 Actual expenditure, the FY 2016 Budget Book Appropriation, and the FY 2017 Request. The FY 2015, FY 2016 and FY 2017 numbers must **not** contain any commas or dollar signs, and negative numbers must be expressed with a leading minus sign. There should be no decimal points and no cents. Numbers must be rounded to the nearest whole number. *If an amount is zero, then a zero must be used rather than a blank space.*

Acceptable submissions are limited to one of the following automated formats:

- HOBO
- A data set at the Annapolis Data Center in the same format as last year
- An Excel spreadsheet that contains a record ID and three years of data for each subobject by fund

Agencies must use the following record ID layout:

<u>Record ID</u>	<u>18 characters total</u>
Appropriation Code	first 8 characters within the total 18
Object Group	next 2 characters after appropriation
Subprogram Number	next 4 characters after object group
Comptroller or Agency Subobject	last 4 characters at end of the 18 total characters

*Agency or program name changes must be approved by the DBM budget analyst.*

**Note:** Agencies are encouraged to use Column 19 in HOBO, "Agency Justification," to succinctly explain the basis for subobject requests. This will reduce "paper backup" and more easily facilitate DBM and DLS reviews.

2. **Written Material:** In addition to the automated submission requirements above, agencies may submit budget requests (including actuals and current year appropriations) on plain white paper in a neatly typed format by program, subprogram, object and subobject. If this format is chosen, the submission must include object totals by six-digit program. HOBO printouts are allowed.
3. **Budget amendments** needed to realign or augment current year appropriations should be submitted to DBM as soon as possible but no later than September 25, 2015. Agencies must adjust the FY 2016 appropriation for the following (FY 2016) budget amendments, prepared by DBM.
  1. 2% Across-the-Board Spending Plan Realignment
  2. Reinstatement of FY 2016 funding to continue the FY 2015 COLA
  3. Annual Salary Review (ASR) adjustments

If an approved reorganization occurs, budgets must be realigned for all years in accordance with the planned revision. All current year budget amendments should be incorporated into the automated submission as part of the FY 2017 appropriation, including the creation of any Major Information Technology Development Project programs.

4. **Chart of Accounts data changes** should be submitted in hard copy and in electronic format (HOBO or Excel spreadsheet) to Vanessa Plante-McDonald as soon as possible but no later than the budget submission deadline. HOBO uses the chart of accounts; therefore agencies must submit updated chart of accounts data to DBM in order for HOBO tables to be updated for the printouts. R\*STARS account code structure must be used for all budget preparation, documentation, and submission.

- An agency that uses subprograms must submit a chart of accounts that identifies the agency, program, subprogram, and subprogram name.
- An agency that uses agency objects must submit a chart of accounts that identifies the agency object code, the meaning of the code, and corresponding Comptroller object code.
- An agency with an approved reorganization must submit a complete chart of accounts with all agency codes, program numbers, subprograms, Comptroller/agency objects, and the corresponding names.
- A reference table of the names of all programs and subprograms can be viewed in HOBO. In the HOBO 1.1 workspace, type:

)LOAD 31 NAMEREF and press enter. At the adrs? prompt, press the F12 key and the names of programs and subprograms will appear on the screen. If a specific program or subprogram is not listed, please contact your assigned DBM budget analyst.

5. **Hardcopy Format:** All materials submitted in the budget request are to be on the appropriate forms (see Section 3) or in the format prescribed by DBM. Any other budget request documentation shall be produced on white paper no larger than 8 ½” X 11” with three holes punched along the margin on the 11 inch side to facilitate binding the forms in standard three ring binders.

6. **Summary of Accomplishments:** Each agency should submit a one-page (or less) summary of accomplishments along with the budget request that should be highlighted in the presentation of the FY 2017 budget. The department/agency is to submit at least one accomplishment that is for the fiscal year just ended (FY 2015).

## 1.6 NON-GENERAL FUNDS

### 1.6.1 NON-HOBO USERS AND HOBO USERS

Many agencies have revenue from sources other than the General Fund (Special, Federal, Non-budgeted, Reimbursable). DBM must have information in a summary format on these funds that reconciles with the information provided in electronic format to Vanessa Plante-McDonald.

#### NON-HOBO USERS:

- 1) Submit the non-General Fund information on the following forms:
 

DA-3A	Appropriation Statement
DA-20	Detail for non-General Funds (separate forms available for Special, Federal, and Reimbursable Funds)

**and**

- 2) An Excel file following the same structure as the HOBO fund file described in Section 1.6.2. DBM will use the Excel file to create a HOBO fund file.

**HOBO USERS** should follow instructions contained in the following pages for updating and loading data into HOBO. *For HOBO users who prepare the budget but not the Fund File in HOBO, follow the instructions listed for non-HOBO Users in order to provide the data needed for the Fund File.*

#### ADDITIONAL NOTES FOR ALL AGENCIES

- **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 for FY 2016 and FY 2017** 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.
- **Agencies must verify that any requested Reimbursable Fund amounts are in the budgets of agencies providing the funds.** When submitting budget requests, please include copies of the appropriate signed reciprocity agreements.
- **Special Fund beginning balances listed on DA-20 forms should match figures recorded in R\*STARS.** In all cases, the Beginning Balance for one year is the Ending Balance for the prior year, adjusted where necessary if there are changes not reflected in R\*STARS.

**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.

## 1.6.2 HOBO FUND FILE

### View Fund File Reference Table

- In the HOBO 1.1 workspace, type `)LOAD 31 FUNDREF` and press enter.
- At the `adrs?` prompt, press the F12 key and the funds sources will appear on the screen.
- Use F8 to scroll down the screen.
- Select a specific fund source by typing: `select; if 0 eqk 'xxxxxx'` where xxxxxx represents the fund source code. Example: `select; if 0 eqk '93.958'`
- *If a fund source code is not listed or a new fund source code should be added, please contact your DBM budget analyst.*

### Updating Fund File

- At the HOBO menu screen, enter 2.5.1 and press the enter key.
- Enter the 3 digit financial agency code followed by a99. Example: f10a99.
- At `adrs?` prompt, type `exp dereq` and press the enter key.
- The following screen will appear:

(0)	(14)	(16)	(17)	
ID	FY 2015 Actual	FY 2016 Budget Book Appropriation	FY 2017 Request	
f10a070 <b>b</b> 09g04f10	2000000	1500000	1000000	<b>BEGINNING BALANCE</b>
f10a070 <b>i</b> 09g04f10	4000000	4000000	5000000	<b>INCOME</b>
f10a070 <b>t</b> 09g04f10	0	0	0	<b>TRANSFER TO GF</b>
f10a070 <b>6</b> 09g04f10	2500000	1500000	2000000	<b>EXPENDITURE Program 06</b>
f10a070 <b>7</b> 09g04f10	2000000	3000000	3000000	<b>EXPENDITURE Program 07</b>

- Press the F6 key to make adjustments or enter information.
- **DO NOT CHANGE EXISTING COLUMN 0 RECORDS.** For existing records, only columns 14, 16, and 17 should be updated. If you need assistance creating a new record, contact Vanessa Plante-McDonald at DBM, 410-260-7659.

### Column Information

- **Column 0** - This is the *record identifier* for the row (16 characters total), see Figure 1.
  - Characters 1 through 6: **R\*STARS Agency Code.**
  - Characters 7 and 8:
    - 0b** to record Beginning Balance, or
    - 0i** to record Income, or
    - 0t** to record Transfer to General Fund, or
    - ##** to record annual expenditures, where ## is the program code. (The program codes in the example above are 06 and 07.)

- Characters 9 and 10:  
**03 Special Funds**  
**55 Federal Funds associated with American Recovery and Reinvestment Act of 2009 (ARRA)**  
**05 Federal Funds (excluding funds associated with ARRA)**  
**07 Non-budgeted funds**  
**09 Reimbursable Funds**
  
- Characters 11 through 16: Fund Source Code that identifies the specific revenue source (See below). These codes must be in the Fund File Reference Table (FUNDREF) file in HOBO. *If a code does not yet exist, contact your DBM budget analyst.*

- **Column 14 – FY 2015 Actual**

If the row is the record for Beginning Balance, Gross Income or Transfer to the General Fund, enter the total amount realized as Beginning Balance, Gross Income, or Transfer to the General Fund for FY 2015.

If the row is the record for expenditures, enter the total amount of the revenue source expended in FY 2015.

- **Column 16 – FY 2016 Budget Book Appropriation**

If the row is the record for Beginning Balance, Gross Income or Transfer to the General Fund, enter the total amount expected as Beginning Balance, Gross Income, or Transfer to the General Fund for FY 2016.

If the row is the record for expenditures, enter the total amount of the revenue source included in the FY 2016 Appropriation.

- **Column 17 – FY 2017 Request**

If the row is the record for Beginning Balance, Gross Income or Transfer to the General Fund, enter the total amount expected as Beginning Balance, Gross Income, or Transfer to the General Fund for FY 2017.

If the row is the record for expenditures, enter the total amount of the revenue source requested to be expended in FY 2017.

<b>FUND FILE</b>	<b>2.5.1</b>
<b>u00a010b03u00301</b>	agency
<b>u00a010b03u00301</b>	unit
<b>u00a010b03u00301</b>	Fund
<b>u00a010b03u00301</b>	Fund source
<b>u00a010b03u00301</b>	beginning balance
<b>u00a010i03u00301</b>	income/revenue
<b>u00a010t03u00301</b>	transfer to general fund
<b>u00a010r03u00301</b>	program
	<b>Column</b>
<b>Actuals</b>	<b>14</b>
<b>Budget Book Appropriation</b>	<b>16</b>
<b>Request</b>	<b>17</b>
<b>Allowance</b>	<b>18</b>

**For Special Funds unique to a specific agency** use the R\*STARS Financial Agency Code as the first three characters, followed by a unique 3 digit code that will be in the range of 301-450. *Please refer to the Fund File Reference Table (FUNDREF) file in HOBO. If a code does not exist, contact your DBM budget analyst.*

Other Special Funds are **statewide special funds**, which are not unique to any one agency and use the following codes:

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
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
swf325	Budget Restoration Fund
swf326	Public Utility Customer Investment Fund

Agencies planning to include statewide funds in their FY 2017 Budget Request **must confirm funding availability** with their DBM budget analyst.

**Federal Funds** use the six-character Catalog of Federal Domestic Assistance (CFDA) number, which includes five digits plus a decimal point.

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

*Please report any new CFDA numbers and Fund Names to your DBM 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).

**Reimbursable Funds** 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 your R\*STARS Financial Agency Code, followed by a unique three-digit code in the range of 901-999. *Please refer to the Fund File Reference Table (FUNDREF) file in HOBO.*

### Printing Reports

#### **Report Form 3A: Appropriation Statement**

- At the adrs<sup>2</sup> screen, type exp form3a and press enter. *A select statement will appear.*
- Type if4eqk ‘xxxxxxxx’ with the x’s being replaced by the eight character R\*STARS Program Code of the agency. Press enter.

#### **Report 20: detail for non-General Funds**

- At the adrs<sup>2</sup> screen, type exp rep20 and press enter. *A select statement will appear.*
- Type if12eqk ‘000000’ with the zeros being replaced by the 6 digit fund source code (CFDA number or special or reimbursable fund code). Press enter.

Other if selections may be used where appropriate for either report. For example, to produce a report on all American Recovery and Reinvestment Act of 2009 funds you may use if0(9 10)eqk ‘55’.

Agencies must verify that the expenditure amounts in these reports are **exactly the same as the expenditure amounts reported in the budget files.**

If you have entered information containing new or revised fund source codes and titles, the report process will inform you that a fund title is missing. DBM will enter the new or revised information. **Agencies must submit a list of new and revised fund source codes and fund titles to DBM.** Codes should be *clearly* and *separately* labeled as “NEW” and/or “REVISED.”

### Special Notes

- Except in unusual circumstances, **all numbers entered in columns 14, 16, and 17 should have positive values.**
- If fund file information is submitted via Excel, **whole numbers must be used, with no cents.** Please do not enter calculations in the cells or numbers with commas.
- **Ensure that there are no negative fund balances.** Balances should be displayed in DA-20 forms, and can be verified using “Report 20,” described above.
- **The totals of appropriation records by fund type must match the figures in the Budget Files.** The Report Form 3A should be used to verify totals.

*Please contact Vanessa Plante-McDonald if you need to obtain a copy of the HOBO workspace or if you need assistance in creating the files for this workspace.*

### 1.6.3 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.

An appropriation statement identical in format to those contained in the prior year budget book and personnel detail including salaries and fringe benefits must be prepared to support:

- Actual expenditures,
- Estimated current year expenditures, and
- Estimates for the request fiscal year.

Revenue sources should be submitted on a DA-3A (Appropriation Statement) with the term **Non-budgeted** substituted for Special. In addition, agencies should submit a DA-20 that provides the allocation of revenue and expenditures for the specific non-budgeted revenue source within the agency.

If the agency has other sources of funds (General, Federal, Special, Reimbursable) do not include the Non-budgeted funds in the overall summary of the agency's budget request.

## 1.7 PERSONNEL BUDGETING (PINs)

### 1.7.1 POSITIONS (PINs)

#### File Submission

Data must be submitted via HOBO, HOBO printouts with handwritten corrections, or an approved electronic format (mainframe, spreadsheet or dataset). Any questions regarding the submission of personnel data should be directed to Vanessa Plante-McDonald, (410-260-7659).

Any planned position abolitions and transfers should be included in the budget request rather than deferred for later administrative action.

Proposed reorganization and related budgetary position actions should be reflected in the request only after prior consultation with the assigned DBM budget analyst.

#### Paper submissions

If not submitting an electronic file, adhere to the following rules for submitting printouts:

- Only original HOBO printouts should be submitted.
- Cross out; **do not white out** any original printed information.
- **Do not cross out a PIN and re-enter the same PIN somewhere else on the printout.** (See below for use of “rtf” and “rtt.”)

#### HOBO Data Submissions

- Update the record ID, class code, class title, FY 2016 positions and dollars, FY 2017 positions and dollars, and/or fund percent changes as necessary.
- Insert a “flag” in Column 19 to identify data changes. This “flag” can be any character the agency chooses.
- Changes to FTE counts must be reflected by use of the following codes in the listed columns:
  - **ra** - requested abolition (column 22),
  - **rn** - requested new position (column 22),
  - **cc** - contractual conversion (column 136),
  - **ptft or ftpt** (part-time to full-time or full-time to part-time) for a change in an FTE count (column 19),
  - **rtf** - requested transfer from (column 22),
  - **rtt** - requested transfer to for a fiscal year transfer of a position (column 22).
 Use **rtt** and **rtf** only if it has been submitted and approved in Workday.
- The percent of employment for positions is shown by the decimal equivalent (50% should be shown as .50).
- **Any text entry should be left-justified.**

#### FY 2015 Salary Data

Actual amounts expended for regular earnings (subobject 0101) are available by **program and class code**. DBM will combine the data from Central Payroll with the position control files as of June 30, and have the actual year data necessary to print the personnel detail in the budget books. R\*STARS adjustments are not reflected, and merging of salaries for a position that was reclassified **are not** reflected. (For example: an Office Secretary II became an Office Secretary III and the two salaries need to be merged with the position record.)

### **FY 2016 and FY 2017 Data**

The HOBO printout or HOBO personnel file should be modified to include:

#### **For FY 2016:**

- position abolitions,
- new positions for FY 2016,
- reorganizations approved in FY 2016 **if they've been submitted and approved in Workday,**
- agency/program/subprogram changes **if they've been submitted and approved in Workday,**
- fund changes **if they've been submitted and approved in Workday,**
- and reclassifications **if they've been submitted and approved in Workday.**

Agencies submitting multiple budgets should not reflect changes that impact budgets already submitted unless the corresponding action in the submitted budget was reflected at the time of submission. In either case, include only **approved reclassifications that have been submitted and approved in Workday.**

#### **For FY 2017:**

- budget request abolitions or transfers, and
- new positions only if budgeted within the target.
- DBM will add requested new positions above the target if approved.

**All new positions must be submitted as an over-the-target request on a DA-21A and B, even if funded within the target.**

### **Salaries Used for FY 2017 Budget**

Refer to Sections 2.14-2.24 for salary rates.

- The salary schedule effective July 1, 2016 will be used as the basis for budgeting FY 2017 salaries.
- The FY 2016 salaries should reflect salaries as of July 1, 2015, which would incorporate
  - any approved FY 2016 Annual Salary Review adjustments (as of July 1, 2015)
  - FY 2015 COLA (as of January 1, 2015).
  - any reclassifications that have been submitted and approved in Workday.
- **No additional funds should be budgeted for any FY 2017 Collective Bargaining Agreement Adjustments.** The Department of Budget and Management will include any adjustments that may result from FY 2017 collective bargaining negotiations (Fall 2015), including an FY 2017 COLA or step increases. *Agencies with non-general funded positions should anticipate the possibility of an FY 2017 COLA and/or increment increase, and should estimate the effect this increase will have on available balances of special and federal fund sources. Historically, annual COLA increases are 2% to 3%.*
- **Agencies must submit requests in Workday in a timely manner,** allowing time for processing at DBM, to ensure the OPSB database is up-to-date.

### **New Position Requests**

Every effort should be made to meet agency needs within the existing workforce before requesting new positions. New position requests, including contractual conversions, must be requested as over-the-target items, even if the agency plans to fund the positions within the general fund target. The over-the-target requests must be limited to demands from major workload growth already in effect, new facilities already approved, new mandates, program transfers that cannot be met by reallocations, and federal contracts and grants.

New position requests that can be covered within the target should be entered into HOBO (or other acceptable format) by agency personnel before submitting the request to DBM. New position requests that require funds, in addition to the target, will be entered into HOBO by the DBM budget analyst, if approved in December. New positions, other than contractual conversions, are to be requested at the base salary even though recruitment for the position may be planned at a higher step. Any desired adjustment above the base should be budgeted in Comptroller Object 0112, reclassifications. Contractual conversions should be budgeted no greater than one step above the grade/step of the current contract.

In detail submitted as part of the over-the-target request, include the number of positions (decimal equivalent), title, class code, annual salary, and justification. All of the following conditions must be met for new position requests to be given consideration:

- There is a justified need for and a benefit from the new position (quantifiable workload).
- The work cannot be absorbed by existing staff, performed by 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.
- The funding for the position (federal/private/local government grant program or student government fees) is reasonably expected to be available for more than three years.
- **The budgeted turnover rate for the agency does not exceed 5.9%.**

### **Contractual Conversions**

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

- There is a justified need for an employee.
- The employee is not student help, patient labor, or an inmate.
- The function is expected to be needed for at least three fiscal years.

- The need is for a full-time employee, or at least 32 hours a week, for 40 weeks during the year.
- The funding for the position (federal/private/local government grant program or student government fees) is reasonably expected to be available for more than three years.
- The contract position and funding were approved in the FY 2016 legislative appropriation.
- Funding for the conversion **is included in object 01 in the general fund target and there is a corresponding reduction in contractual services (object 02)**. The amount for a new position must include health insurance (0152), retiree health insurance (0154), FICA (0151), retirement (0161, 0163, 0165, 0168, 0169), unemployment compensation (0174), and turnover (0189). Do not include any amount for workers' compensation (0175).
- Agencies might give priority for contractual conversions to existing workers who have been working in a contractual capacity for at least two years.

## 1.7.2 PAY PLAN ADJUSTMENTS AND NEW CLASSIFICATIONS

Agency requests for pay plan and salary adjustments to existing classifications and for the creation of new classifications must be submitted as part of the FY 2017 budget request. Agency requests for pay plan adjustments outside the budget process will be considered only in order to address an immediate necessity that, if not addressed, will significantly impede the agency from achieving its mission, goals, and objectives.

Agencies must complete DA-25A, DA-25B, and DA-25C forms (see [Section 3](#)) when requesting a salary adjustment to one or more job classifications or the creation of one or more classifications in FY 2017. These adjustments must be budgeted in Comptroller Object 0112 - reclassifications. **If an agency has included funding in Comptroller Object 0112 without required supporting documentation, DBM will reduce funding when developing the FY 2017 allowance.**

**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 program and/or agency (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 used by 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.

**DA-25C Form – EXCEL Document:** This form is used to summarize costs by program and fund for the agency.

**Requests must be submitted in priority order to Kurt Stolzenbach at the Department of Budget and Management: [kurt.stolzenbach@maryland.gov](mailto:kurt.stolzenbach@maryland.gov).** It is not necessary for agencies to submit duplicate requests to the Office of Personnel Services and Benefits (OPSB). The Office of Budget Analysis works closely with OPSB.

### 1.7.3 FRINGE BENEFITS

**Regular Payroll:** All regular payroll and fringe benefits must be requested in Object 01 - Salaries and Wages.

**Miscellaneous Adjustments (Comptroller Object 0110):** This object is for salary adjustments that are not categorized in any of the specific Object 01 Salaries and Wages Comptroller Objects.

**Accrued Leave Payout (Comptroller Object 0111):** This object is used for accrued leave payout for long-term employees who leave State service. Agencies should use this Comptroller Object to account for accrued leave payouts for the FY 2016 budget book appropriation and the FY 2017 budget request. Actual expenditures for FY 2015 will be included in 0101, Salary Payments.

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

Appendix B to Part 225, 8.d.:

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

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

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

[http://www.whitehouse.gov/sites/default/files/omb/assets/omb/fedreg/2005/083105\\_a87.pdf](http://www.whitehouse.gov/sites/default/files/omb/assets/omb/fedreg/2005/083105_a87.pdf)

**Reclassification (Comptroller Object 0112):** This is used for reclassifications and/or hiring a position above the base salary. Agencies should account for reclassification costs for the budget book appropriation and request years (actual expenditures will appear as salary payments) within the FY 2017 budget request. Please use a DA-2 form to justify the request.

**FICA Contributions (Comptroller Object 0151):** The following calculations are provided for non-HOBO users. The calculations are already included in the HOBO file.

FICA is calculated as follows:

- (1) Add the amounts in subobjects 0101, 0102, 0104, 0105, 0110, 0111, and 0112 for each position.
- (2) If the sum of the above subobjects for one position is equal to or less than \$124,789, multiply the sum by .0731. The result is the amount for 0151 for one position.
- (3) If the sum of the subobjects exceeds \$124,789:
  - (a) Multiply \$124,789 by .0731.
  - (b) Multiply the difference between the annual salary and \$124,789 by .0145.
  - (c) Add the result of these calculations to get the total 0151 for one position.

The rate and ceiling used for regular payroll employees reflect an adjustment for the non-taxability of certain employee-paid health insurance and "spending account" items.

**Employee Health Insurance (Comptroller Object 0152):** At this time, the rates for health insurance are still to be determined (TBD). Once the rates are determined, the cost per employee to be charged to the agency accounts by the Central Payroll Bureau, shall be calculated using the following formula (See DA-2A):

Actual Cost for subobject 0152 as reflected on Payroll Register as of 7/7/2015	÷	Eligible Employees on Payroll	X	24.07	X	TBD
--	---	-------------------------------------	---	-------	---	-----

Nonbudgeted agencies should use this same calculation.

In unusual circumstances (e.g., higher education institutions) the 7/7/2015 payroll register may not be used. Please contact your DBM budget analyst for assistance concerning the appropriate payroll register date to use if there is an unusual circumstance that precludes using the pay period ending 7/7/2015.

For the formula above, and all budget request forms, the following definitions apply:

- **Eligible employees on payroll** – This number should be equal to the number of checks issued for a pay period to regular staff employed at a level of 50% or greater. This count does not include temporary employees (TEs), zero pays, and/or vacant positions.
- **TBD** – The inflation rate is yet to be determined.
- **Authorized positions of 0.5 or greater requested in budget** - The total number of PINs requested at an authorized level of 50% or greater where each PIN of 50% or greater is counted as one. Do not use a full-time-equivalent total.

**Retiree Health Insurance (Comptroller Object 0154):** The calculation for retiree health insurance charged to agency accounts by the Central Payroll Bureau has not yet been determined (See DA-2A):

Amount requested in subobject 0152 (employee health insurance)	X	TBD
--	---	-----

Note: Retiree health insurance amounts paid directly to vendors by the agency are to be requested in R\*STARS Comptroller Object 0153 and shall be calculated in accordance with each contractual agreement in effect. The terms of the agreement are to be specifically provided on a Form DA-2 along with the calculation used to arrive at the per-employee cost.

**A completed Form DA-2A (Budget Estimate) is to be included as part of the budget request for R\*STARS Comptroller Object 0152 and 0154. (See DA-2A form) Please be sure to include the percentage distribution of fund types (General, Special, Federal, Reimbursable).**

**Pay for Performance Bonuses (Comptroller Object 0156):** Do not budget in FY 2017.

**Other Post-Employment Benefits (Comptroller Object 0157):** Do not budget in FY 2017.

**Retirement/Pension Systems:** The amounts requested for retirement and pensions are to be calculated as follows:

Request amount of subobject 0101    **X**    Percentage listed in Standard Rates and Schedules  
(Section 2.2) for the specific retirement program as  
listed below

<u>SUBJECT</u>	<u>SUBJECT TITLE</u>
0161	Employee, Correctional Officer, and Legislative Retirement Systems
0163	Teachers' Retirement System
0165	State Police Retirement System
0166	Judges' Pension System (including Masters)
0167	Mass Transit Administration Pension System
0168	Optional Retirement/Pension System (TIAA)
0169	Natural Resources Law Enforcement Officer Pension System
0170	Other Retirement Systems
0171	Other Pension Systems

**Note: Comptroller Objects 0162 and 0164 are not to be used for requesting retirement and pension allowances.**

**Deferred Compensation (Comptroller Object 0172):** Do not budget in FY 2017.

**Unemployment Compensation Insurance (Comptroller Object 0174):** Amounts relating to the regular payroll shall be computed by:

Amount requested for Comptroller object 0101    **X**    Rate in Standard Rates and Schedules (Sec. 2.2)

**Workers' Compensation Premiums (Comptroller Object 0175):** Use the same General Fund and Non-General Fund amounts in the FY 2017 request as in the FY 2016 legislative appropriation. DBM will adjust this subobject after the FY 2017 budget submission. **This is the case even if you have information that the amount will be lower in FY 2017.**

**Turnover (Comptroller Object 0189):**

Turnover on existing positions should be set at “reasonable” levels that reflect normal resignation/recruitment activity at the program level. The turnover rate used for a subprogram (or program if subprograms are not used) must be reported in column 19 of the HOBO budget file and/or on a DA-2 (Budget Estimate). **Turnover should not be used as a “plug” figure to meet the GENERAL FUND target.**

- Turnover on existing positions should normally not exceed 4%, nor be less than 2%.
- Turnover for contractual conversions should be set at the levels used for existing permanent positions.
- New position turnover should generally equal **25%** to reflect the time that it commonly takes to establish and fill the position.

Turnover should be computed using the sum of the following Comptroller Objects:

- Regular Earnings (Comptroller Object 0101)
- Social Security Contributions (Comptroller Object 0151)
- All applicable retirement/pension systems (Comptroller Objects 0161-0171)
- Unemployment Insurance (Comptroller Object 0174)

**HEALTH INSURANCE (0152) AND STATE SUBSIDY FOR RETIREES’ HEALTH INSURANCE (0154) ARE NO LONGER INCLUDED IN THE TURNOVER CALCULATION.**

The following example should be used if turnover for new positions is combined with turnover on existing positions. The different rates and the amounts that apply should be reported.

\$335,623 (salary and fringes on current positions)     **X   3% for current positions**     =   \$10,069

added to

\$31,323 (salary and fringes of new positions)     **X   25% for new positions**     =   \$7,831

EQUALS TURNOVER OF     \$17,900

**The turnover amount should be entered as a negative amount in Comptroller Object 0189.**

**Do not use Comptroller Object 0192 unless you have received prior approval from DBM.**

**Other Fringe Benefit Costs (Comptroller Object 0199):** Use for fringe benefit costs that are not categorized within any of the specific Object 01, Salaries and Wages, Comptroller Objects. Agency should include supporting justification for such a request (HOBO Column 19 or DA-2 form).

**For information regarding benefits for Contractual Employees, please see Section 1.8.**

**All fringe benefits rates are listed in Section 2.2.**

**1.8 CONTRACTUAL EMPLOYEE BUDGETING (Object 02)**

Contractual positions are workers having an employee-employer relationship with the State. **A justification for each contractual position is required, using the DA-22 form.**

Agencies should take a “zero-based” approach to budgeting contractual positions. Any position that can be eliminated should not be renewed in FY 2016 (reductions can be initiated in FY 2016) and should not be funded in FY 2017.

The total of full-time equivalent (FTE) contractual positions for each budgetary program should be submitted on the DA-1 form. Agencies that use HOBO must enter the contractual FTE counts in columns 207, 208, and 209 that correspond with the dollars in Comptroller Object 0220 in columns 14, 16 and 17. See below for example.

Columns:	7	14	16	17	207	208	209
Column headers:	Compt. Object	Expen. FY15	Approp. FY16	Request FY17	Contract. FY15	Contract. FY16	Contract. FY17
<b>Amounts:</b>	0220	70000	52500	35000	2.00	1.50	1.00

For the purpose of this count, one FTE equals 2,080 work hours per year.

Higher education institutions that pay contractual employees with additional assistance funds (Comptroller Object 0102) should put the FTE counts in HOBO columns 207, 208, and 209 on the row for Comptroller Object 0220.

**Special Payments Payroll (Object 02):** Budget the salary for contractual positions in Comptroller Object 0220.

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.

**Social Security or FICA (Comptroller Object 0213):** The following calculations are provided for non-HOBO users. The calculations are already built into the HOBO file. The rate and ceiling used for Comptroller Object 0213 are different from those used for Comptroller Object 0151 because contractual employees do not participate in flexible spending accounts.

Each contractual annual salary (Comptroller Object 0220) equal to or less than \$119,260 is multiplied by 0.0765. The result is the amount for FICA (0213) for that position.

FICA for each contractual annual salary greater than \$119,260 is calculated as follows:

- (1) Multiply \$119,260 by 0.0765.
- (2) Multiply the difference between the annual salary and \$119,260 by 0.0145.
- (3) Add result of first two calculations to get the total 0213 amount per position.

**Unemployment Compensation Insurance (Comptroller Object 0214):** Multiply amount in Comptroller Object 0220 by the rate in the Standard Rates and Schedules, Section 2.2.

**Contractual Health Insurance (Comptroller Object 0217)**

DBM is currently assessing how these new health benefit expenses will be budgeted. Details will be provided in the coming months by the Office of Personnel Services and Benefits.

**Turnover (Comptroller Object 0289):** Contractual turnover should be computed on the sum of Comptroller Objects 0220, 0213, and 0214 for each subprogram (or program if subprograms are not used) and entered as a negative amount in a record for Comptroller Object 0289. In FY 2017, each agency should budget contractual turnover based on the agency’s turnover rate for permanent positions **plus** an additional 4.62% to account for a “reasonable” vacancy rate for the 12 annual holidays that contractual employees will not receive compensation for in FY 2017. For example, if the vacancy rate for permanent positions in a given program is zero, 4.62% should be the turnover rate, since the employees will not receive compensation for the 12 holidays. If the vacancy rate for permanent positions is 5%, the total turnover will be 9.62%. The turnover rate used for a subprogram (or program if subprograms are not used) must be reported in column 19 of the HOB0 budget file and/or on a DA-2 form.

All agencies, except higher education institutions, should report supporting detail on the DA-22 form. Higher education institutions should report supporting FTE and salary detail per employee category in accordance with the assigned DBM budget analyst’s instructions.

**DA-22 Contractual Employees:** This form is used to report all contractual employment for FY 2015 and FY 2016, and identify contractual positions or contractual conversions requested in FY 2017. The totals for the Actual, Appropriation and Request years on the DA-22 form should equal the budgetary amounts for Comptroller Object 0220 for each subprogram for both dollars and FTEs for each year.

**Subprogram Column:** Data supporting contractual employment should be completed at the subprogram level of detail.

**Classification of Employment:** Multiple contractual positions with the same classification in each subprogram may be listed together and shown as a full-time equivalent for the year. For example: 4.25 could represent 17 interpreters who each work on average 3 months per year.

**Actual, Current Appropriation, Spending Plan, and Request Years:** Unusual contracts involving an employer-employee relationship between a contractor and the contracting State agency may be consolidated into a single line on this form. This single line must contain a total FTE count for the contracts in this category and the dollar amounts entered in the appropriate columns for the appropriate fiscal years. Types of unusual contracts include:

- Policy exemptions such as students, patients, inmates, direct emergency services, School for the Deaf direct student services, college faculty, on-duty physicians, Board of Public Works, Governor's Office, and intermittent unemployment insurance claims;
- Contracts in the Legislative and Judicial branches of government; and
- Exemptions based on State law.

**FY 2015 Actual:** Reconcile to the FY 2015 actual column of the budget file (HOB0 column 14).

FY 2016 Appropriation: Reconcile to the FY 2016 appropriation column (HOBO column 16) of the budget file. This column should be consistent with the FY 2016 legislative appropriation *plus approved FY 2016 budget amendments*.

FY 2016 Spending Plan: Reflect the contractual employee FTE and amount for existing levels *or planned staffing levels and funding above the current appropriation*. This “Spending Plan” column may differ from the appropriation to the extent the agency has added or eliminated contractual positions on its own authority.

FY 2017 Request: Reconcile to the FY 2017 request column (HOBO column 17) of the budget file. The FTE column should be consistent with the FY 2016 appropriation column adjusted to reflect the addition or deletion of contractual employees. Each of the request year fields should contain zeros if the contractual position is not being requested or is being requested for conversion to a permanent budgeted position.

FTE: Full-time equivalent position. If the position is full-time, indicate "1.00." Otherwise, indicate the percentage (to the nearest hundredth) of position used for each year. A total should be provided for this column. For agencies that budget through HOBO, these totals should equal the quantities entered for Comptroller Object 0220 in columns 207, 208, and 209.

Amount: Record each year's total salary for the contractual position, excluding Social Security or other fringe benefits.

Fund: This column should record one of the following codes for the fund type financing the compensation of the contractual position each year (01 General Funds, 03 Special Funds, 05 Federal Funds, 55 Federal Funds for the American Recovery and Reinvestment Act of 2009, 07 Non-Budgeted Funds, and 09 Reimbursable Funds). Indicate the relevant percentages when funding is mixed among fund types.

Renewal Date: This date identifies when the position will be renewed during the FY 2016 budget year. This highlights the opportunity to make a decision NOT to renew in FY 2016, resulting in savings in FY 2017.

Justification/Description: Enter a brief description of the need for a contractual position. If additional justification is required, use a DA-2 form with a reference note in this column.

If conversion to a regular position is requested, no amount should be requested for FY 2017 in Object 02. Contractual position and funding must be included in the FY 2016 legislative appropriation to be considered a contractual conversion. The specific justification to convert to a budgeted position should also appear in the Object 01 request detail for the new position.

## 1.9 COMMUNICATIONS (Object 03)

### **Telephone (0302), Telecommunications (0303), and Misc. Communications Charges (0304)**

Comptroller Objects 0302, 0303, and 0304 include projected communication costs that will be billed directly by vendors to an agency. Agencies responsible for their own PBX or Centrex bills should budget the actual usage portion of PBX and Centrex service, including local and long distance. All agencies must ensure that they have sufficient funds to cover 12 months of charges.

### **DBM Paid Telecommunications (0305)**

Telecommunications costs for services centrally managed by the Department of Information Technology (DoIT) should be identified in Comptroller Object 0305. **Agencies should request FY 2017 funding equal to the FY 2016 legislative appropriation by fund for 0305, as listed in HOBO columns 15, 36, 37, 38, and 39. The amount in 0305 is restricted and cannot be used in another subobject without the approval of the DBM Director of the Office of Budget Analysis.** DoIT will develop FY 2017 estimated costs for each service including:

- Contract management and administration,
- Statewide Enterprise Networks (Wireless Network and FMIS),
- Network Maryland,
- Private Branch Exchange (PBX), and
- Multi Service Centers (MSC) telecommunications costs.

The budget request should detail any factors that may cause telecommunication charges to increase or decrease significantly. Agencies should advise Lynn Buehler (contact information below) of all details. These factors will be reviewed for any impact to budget projections. DBM, in cooperation with the DoIT Division of Telecommunications, will make a final determination of the agency budget requirements for Comptroller Object 0305.

### **Cell Phone Expenditures (0306)**

Costs for cellular phones and personal data assistants (PDAs) must be submitted on a DA-2 form using Comptroller Object 0306. Agencies must identify by fund and program, the number of cell phones, the type of pricing plan and monthly cost associated with the pricing plan for each cell phone used by agency personnel to conduct State business.

### **Telecommunications Capital Leases (0322)**

An agency's portion of lease payments for PBX and MSC related equipment previously financed or anticipated to be financed in FY 2017 via the State Treasurer's Office Master Lease-Finance Program should be budgeted in subobject 0322. **All agencies should request FY 2017 funding equal to the FY 2016 legislative appropriation by fund for Comptroller Object 0322. The amount in 0322 is restricted and cannot be used in another subobject without the approval of the DBM Director of the Office of Budget Analysis.** DBM and DoIT will make a final determination of the agency budget requirements for Comptroller Object 0322.

For further guidance or information related to Telecommunications budget projections, contact: Lynn Buehler, [Lynn.Buehler@maryland.gov](mailto:Lynn.Buehler@maryland.gov), at the Department of Information Technology, 410-260-7593.

**1.10 FUEL AND UTILITIES (Object 06)**

Calculations for fuel and utilities may reflect a historically-based usage projection multiplied by a rate or an FY 2015 actual adjusted by an inflation rate. The methodology used to calculate Fuel and Utilities requests should be explained in Column 19 of the HOBO budget file and on a DA-2 form. Include in the calculation any needed adjustments related to space utilization.

**Inventory of Buildings:** Agencies should use form DA-2 to create an inventory of buildings for inclusion in the FY 2017 budget request. The inventory should report the square footage of each building served by the fuel and utilities included in the budget request. The following is an example of the information that should be presented:

<u>Continuously Maintained Areas (square feet)</u>	<u>Actual</u>	<u>Appropriation</u>	<u>Request</u>
Administration Building	2,500	2,500	2,500
Dormitory Building	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>
Total Continuously Maintained Areas	5,500	5,500	5,500
<u>New Areas (Add):</u>			
School Building (Open Jan. 2015)	450 <sup>1</sup>	900	900
<u>Discontinued Areas (Subtract):</u>			
Recreation Hall (Close June 2016)	<u>700</u>	<u>700</u>	<u>0</u>
Gross Areas Maintained, as adjusted	5,250	5,700	6,400 <sup>2</sup>
Square footage change from Actual Year to Request Year = 21.9%			

<sup>1</sup>Square footage adjusted to reflect half year's operation (900 sq.ft./2).

<sup>2</sup>Central boiler to be replaced July 2015; savings on oil estimated to be 8%.

**Fuel – Natural Gas/Propane (0606)**

Agencies that use natural gas procured by the Department of General Services (DGS) should request FY 2017 funding of 3% over FY 2015 actual expenditures.

**Utilities – Electricity (0620)**

Agencies consuming electricity procured by DGS should request FY 2017 funding of 3% over the FY 2015 actual expenditures. *No State agency may purchase electricity in the State's competitive electric utility market until DGS and the Maryland Energy Administration ensure that purchase is consistent with the State's strategy.*

**MES Charges (0697)**

If water, sewage or facility operation services are provided by the Maryland Environmental Service (MES), use Comptroller Object 0697. Agencies should request FY 2017 funding equal to the FY 2016 legislative appropriation by fund for 0697. DBM will update the figures for FY 2017 as needed. Agencies should inform the DBM analyst of any fund split changes in 0697.

**Loan Repayment - Energy Conservation Project (0698)**

Agencies should request funding in the amount required in their Energy Performance Contract (EPC) or State Agency Loan Program (SALP) contract. If Strategic Energy Investment Fund (SEIF) (swf316) funds are budgeted in FY 2016, no more than that amount should be requested for EPC contracts in FY 2017.

## 1.11 MOTOR VEHICLE OPERATIONS AND MAINTENANCE (Object 07)

The budget process is the most appropriate method for requesting vehicles. Agencies are expected to include complete FY 2017 vehicle needs within the FY 2017 budget request.

Each agency should carefully consider the use of its motor vehicle fleet in terms of annual mileage and consistent use before submitting requests for replacement or additional vehicles. This fleet review should include an effort to downsize the fleet, especially for vehicles assigned to headquarters staff. Fleet analysis must include a review of field staff vehicle usage. From a cost savings standpoint, field staff currently traveling in private vehicles that generate excessively high mileage (10,000 miles annually), and consequently high privately owned vehicle (POV) reimbursements, are strong candidates for State motor vehicle assignments.

### **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 2017. *However, 100,000 miles is only an indicator that the potential exists to replace a vehicle; it is not the benchmark used for approval.* DBM will review each vehicle request on a case-by-case basis. Requests to replace vehicles with lower mileage must be justified in writing.

### **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 – 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 why existing agency SUV fleet cannot be realigned to meet the need.
- Detailed explanation proving that purchasing a smaller or alternative type of vehicle with options does not meet the needs of the agency.
- Detailed explanation demonstrating that the vehicle will be operated off-road more than 20% of the year.

### **Pricing**

The price list for vehicles using regular and alternative fuel is located in Section 2.6. 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, listed in Section 2.7. Justification for any deviation in price and trade-in value from those provided in this table must be detailed on a DA-2 form. Use the net cost (after deduction of any applicable trade-in value) on the DA-8 form.

**Commute Charges (0789)**

DBM-FAU has established a commute charge policy based on the actual miles traveled for a one-day round trip commute as opposed to a zone charge. The **FY 2017 Commute Deduction Chart (Section 2.8)** outlines the cost per round trip for sedans and light trucks and vans (LTVs). Agencies should multiply the round trip rate by the number of payrolls for each eligible commuter to calculate the FY 2017 budget request at a subprogram or program total level. *Please note that the actual FY 2017 schedule to be used will be developed near the beginning of FY 2017 and may be different than the chart in these instructions.*

**Vehicle Operating Costs (0702 - Gas and Oil and 0703 - Maintenance and Repairs)**

The total vehicle estimated mileage for the request year is no longer required within the DA-8 form because it is available in FleetMaster. *This does not exempt the need for justification for Gas and Oil and Maintenance and Repair.* The justification should be presented in either Column 19 of HOB0 or on a DA-2 form using one of the following calculation options:

- Rate per mile (see Section 2.2 - Standard Rates and Schedules)
- Actual expenditures plus a reasonable inflation assumption

**Forms to be included in FY 2017 Budget for new and replacement vehicles only:**

**DA-2** Form to provide justification and/or itemization of requested items.  
(Budget Detail)

**DA-8** Each agency must complete a DA-8 form for each subprogram that includes replacement or additional vehicles. Use the headings: Vehicles To Be Replaced in FY 2017 or Additional Vehicles in FY 2017. List vehicles by VIN or serial number sequence. Provide the subtotal for each page on the first subtotal line. If there are multiple pages for one particular type of vehicle, complete the second subtotal line. At the completion of a subprogram listing, provide the subprogram total on the final line. *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.*

Also include the following information in the justification column:

- Special circumstances, explanation of why low-mileage replacement vehicle should be considered for approval (damage beyond economical repair, extraordinary maintenance costs, etc).
- Reasons that vehicles are being replaced with a different vehicle type.

**DA-8AF** This form was created for requests involving alternative fuel vehicles.  
(Alternative Fuel Vehicles) Please organize requests by **specific alternative fuel type**.

**DA-8AP** Agencies that apply “add-on” characteristics (MDOT and DNR) to  
(Add-on Packages) vehicles must use the DA-8AP form, which provides space for an accurate description of these characteristics.

**PLEASE EMAIL ALL DA-2, DA-8, DA-8AF, and DA-8AP FORMS IN EXCEL FORMAT to Kurt Stolzenbach: [kurt.stolzenbach@maryland.gov](mailto:kurt.stolzenbach@maryland.gov) and to your assigned DBM budget analyst.**

**Vehicle requests made during FY 2017 are discouraged, and consideration of such requests will be limited.** If an agency determines that an unscheduled vehicle replacement is needed during FY 2017, the agency will be expected to substitute the vehicle replacement with a scheduled FY 2017 replacement. Out-of-schedule vehicle requests due to “new” programs and federal funding must be submitted as a deficiency request for FY 2017.

**Any unscheduled vehicle requisitions must be justified in the FMIS Notepad prepared by the agency.**

Examples of justifications might be:

- Why and how the purchase of the vehicle will save the State money,
- An accident damaged the vehicle beyond reasonable cost to repair,
- Excessive repairs to a vehicle will be more expensive than purchasing a new vehicle, or
- Recent receipt by the agency of new grant funds (Special, Federal, Reimbursable).

**Additional Information**

If you have any questions pertaining to budgeting for vehicle operations and maintenance, please contact the assigned DBM budget analyst or Larry Williams, DBM Fleet Administration Unit, (410) 260-7195, [larry.williams@maryland.gov](mailto:larry.williams@maryland.gov)

## 1.12 CONTRACTUAL SERVICES (Object 08)

### Interagency Agreements

All interagency agreements of \$25,000 or more must be reported on a DA-23 form. Agencies must use Comptroller Object 0885, "In-State Services – Other," to budget expenditures related to interagency agreements. This object may be used for agreements with local government entities also.

### Agreements between a State agency and a public institution of higher education

On or before August 1, 2015, each State agency and public institution of higher education must report any interagency agreements in place for any part of fiscal year 2015 between State agencies and any public institution of higher education involving potential expenditures in excess of \$100,000 over the term of the agreement. This reporting mechanism is described in Section 31 of the FY 2016 Budget Bill. Please refer to the reporting requirements on the DBM website, <http://dbm.maryland.gov/proc-contracts/Pages/InteragencyAgreementReporting.aspx>

As described in the letter sent from DBM on May 6, 2015, for FY 16, there are two new requirements related to Agreements between Agencies and Institutions. Section 31 of the Fiscal 2016 Budget Bill requires that DBM review each current Agreement that is **in excess of \$500,000**. Additionally, no new Agreements between Agencies and Institutions that involve expenditures exceeding \$500,000 over the term of the Agreement may be entered into for FY 2016 **without prior approval by DBM**.

### Contracts

Form DA-23 is required for each program or subprogram with budgeted contracts. Where contracts are funded in various subprograms, there should be an entry for each funding component of the contract as well as for the total for each contract.

- Each contract greater than \$25,000 must be listed separately.
- Contracts less than \$25,000 must be included on one line (not listed separately) for each subprogram.
- Agencies should provide a subtotal of actual, appropriation, and request amounts at the subobject level of detail for each subprogram.

The components of complex "lump sum" line-item requests should be detailed and justified, preferably on a DA-2, with rates and units of service for all components. Line-item requests for simpler amounts may be justified using the HOBO "fifty character" field, column 19, allowed for each line-item in the HOBO submission.

The justification of each contractual service line-item should explain how the request for each line-item was determined. Examples may include:

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

**It is strongly suggested that agencies use subobject 0899 only if there is no other appropriate subobject. Be prepared to explain the detail behind any items included in 0899.**

## 1.13 FOOD, EQUIPMENT, GRANTS, SUBSIDIES, CONTRIBUTIONS

### FOOD (Object 0920)

The justification for the agency's food requests should be presented in either column 19 of the HOBO budget file or on a DA-2 form. 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.

Please refer to the Department of General Services website for statewide contracts for food and supplies for food preparation:

[http://www.dgs.maryland.gov/Procurement/StatewideContracts/comm\\_food.html](http://www.dgs.maryland.gov/Procurement/StatewideContracts/comm_food.html)

Please contact your assigned DBM budget analyst to discuss the calculation of your agency's FY 2017 food request.

### EQUIPMENT: REPLACEMENT AND ADDITIONAL (Object 10 = Replacement; Object 11 = Additional)

Requests for replacement and additional equipment should be itemized and justified on a DA-2 form. Where appropriate, use the prices in Sections 2.3 and 2.4 to estimate the costs of any equipment.

According to State law, agencies shall purchase equipment and furniture from Maryland Correctional Enterprises when possible. <https://mce.md.gov/>

Another alternative is to use statewide contracts for equipment. Please refer to the Department of General Services (DGS) website for furniture and equipment:

<http://www.dgs.maryland.gov/Procurement/StatewideContracts/commodities.html>

The Department of Information Technology has master contracts for computer equipment: <http://doit.maryland.gov/contracts/Pages/HWMasterContractHomepage.aspx>

Agencies may use the Treasurer's lease financing program for significant equipment purchases. <http://www.treasurer.state.md.us/debtmanagement/capital-lease-financing.aspx>

### GRANTS, SUBSIDIES, AND CONTRIBUTIONS (Object 12)

Each agency is now required to provide detail on funds granted by the agency to other entities. Each grant of at least \$25,000 must be listed on a DA-23 form. For each grant, provide the FY 2015 actual award (as reflected in FY 2015 expenditure data), FY 2016 estimated award (as reflected in the FY 2016 appropriation), and any FY 2017 funding requested for the same grantee. If grants will be awarded on a competitive basis and the expected grantee is unknown at this time, please list "TBA" in the column for Name and Location of Grantee or Vendor. If a grantee receives multiple awards for different services or purposes, please list each award separately, and by subprogram if possible.

### 1.14 LEASE PURCHASE PROGRAM FOR EQUIPMENT

The Schedule of Charges for Equipment Financed through the Master Equipment Lease-Purchase Program (Section 1.15) lists the charges to agencies by fiscal year for equipment financed as of June 12, 2015. 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).

If an agency’s total budget request for these charges is different from the amount in the Schedule in Section 1.15, please provide an itemization of additions and subtractions on a DA-2 form, clearly identifying how the request is derived and why it differs from the Schedule.

Adjustments should be made to reflect the following, as needed:

- If an agency plans to finance the purchase of additional equipment, the amounts on the Schedule should be increased. Agencies may request a payment schedule for expected future equipment leases from their budget analyst. Payments can also be estimated as follows:

If equipment is financed (vendor paid)	First semi-annual payment is on:	Amount of debt service during fiscal year is the administrative fee plus:	
		FY 2016	FY 2017
October 2015	January 1, 2016	One interest-only payment	Two full payments
December 2015 and/or March 2016	July 1, 2016	none	One full payment plus one interest-only payment
June 2016 and/or October 2016	January 1, 2017	none	One interest-only payment
After October 2016		none	none

Please note the estimated total equipment cost and expected time of leasing for any additional equipment leases on the DA-2 form.

- If there are (or will be) prepayments, deduct amounts for the FY 2016 and/or FY 2017 lease payments that will have been satisfied as a result of the prepayments. Use the amortization schedule you received at the time of financing to calculate the deductions (for assistance in determining the effect of prepayments, contact Calvin Harding, State Treasurer’s Office, 410-260-7154).

State agencies should discuss potential equipment leases with the Treasurer’s Office prior to purchasing equipment from a vendor. State agencies requesting funds in the FY 2017 budget for equipment lease purchases must wait until the General Assembly approves the funding before purchasing the item from the vendor.

Questions should be directed to the DBM budget analyst.

**1.15 - Schedule of Charges to Agencies for Equipment Financed  
through the Master Equipment Lease - Purchase Program\***

**(includes administrative fee)**

**All equipment financed through:**

**6/26/2015**

Financial Agency	Fiscal Year	
	2016	2017
C80 Office of the Public Defender	78,921	53,935
D28 Maryland Stadium Authority	994,373	994,538
D40 Maryland Department of Planning	28,169	28,138
D53 Maryland Institute for Emergency Medical Services	60,778	60,712
E50 State Department of Assessment and Taxation	31,449	31,415
F50 Department of Information Technology	292,450	306,894
H00 Department of General Services	292,700	146,228
K00 Department of Natural Resources	141,416	178,211
M00 Department of Health and Mental Hygiene	814,669	868,812
Q00 Department of Public Safety and Correctional Services	106,023	317,028
R13 Morgan State University	1,026	28,866
R14 St. Mary's College of Maryland	15,154	15,138
R15 Maryland Public Television	311,022	317,139
R44 Univ. of MD Center for Environmental Science	734,332	733,952
S00 Department of Housing and Community Development	2,596	156,009
U00 Department of the Environment	430,091	325,008
V00 Department of Juvenile Services	189,119	9,910
<b>Total</b>	<b>4,524,288</b>	<b>4,571,933</b>

\* Administered by the State Treasurer's Office

## 1.16 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 2014 actual expenditures, FY 2015 actual expenditures, the FY 2016 appropriation, and the FY 2017 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 2015, 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 directly to Nathan Bowen at [nathan.bowen@maryland.gov](mailto:nathan.bowen@maryland.gov).

As the Governor’s allowance is finalized, DBM will ask the agency to submit revised distributions based on the allowance.

The budgets that contain local aid include:

### **BUDGET**

### **STATEWIDE PROGRAMS**

D15A0516	Governor’s Office of Crime Control and Prevention, Law Enforcement Grants
D15A0516	Governor’s Office of Crime Control and Prevention, State Aid for Police Protection Fund
D25E0302	Aging Schools Program
D50H0106	Fire, Rescue, and Ambulance Fund
J00A0102	Operating Grants in Aid (PILOT)
J00B0105	County and Municipal Funds (Highway Users)
J00H0106	Statewide Programs Operations
K00A0510	Outdoor Recreation Land Loan (Program Open Space, local programs)
M00F0207	Targeted Local Health Services
P00E0104	Share of Racing Revenue – Division of Racing
P00E0106	VLT – Local Impact Grants
P00G0114	Adult Education
Q00A0104	Emergency Number Systems (911) – State Grant
R00A02--	Aid to Education (All programs with General Funds, Education Trust Funds, or Retirement Contribution Reimbursement)
R62I0005	Aid to Community Colleges – Formula
R62I0006	Aid to Community Colleges – Fringe Benefits
W00A0108	Vehicle Theft Prevention Council

## 1.17 INSURANCE

A Schedule of Insurance charges, 0704 Auto Insurance and 1302 Insurance Coverage, to be paid to the State Treasurer's Office (STO) for the FY 2017 budget request will be posted on the DBM website and distributed at a later date. Specific questions regarding premiums should be directed to the Treasurer's Office at 410-260-7684.

The following Comptroller Objects must be used for budgeting of insurance premiums:

**Auto Insurance (Comptroller Object 0704)**

Automobile insurance payments to the STO.

**Insurance Coverage Paid to STO (Comptroller Object 1302)**

Insurance payments paid to the STO.

**Insurance (Non-STO Payments) (Comptroller Object 1309)**

Insurance coverage payments not paid to the State Treasurer's Office.

## 1.18 REAL PROPERTY LEASES (Object 13)

### **Non-DGS Rent (Comptroller Object 1301)**

Comptroller Object 1301 must be used for private lease agreements whereby 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 2017 budget proposal to assure that the lease data is still valid.** For further information, contact:

Robert Suit, Chief, 410-767-1819  
 DGS Division of Lease Management and Procurement  
 Room 601, 300 W. Preston Street  
 Baltimore, MD 21201

**NOTE:** Rental of garage space must appear as Comptroller Object 0705 unless the entire garage or parking lot is being leased or such spaces are included in the building lease.

### **Rent Paid to DGS (Comptroller Object 1303)**

Comptroller Object 1303 is restricted and must be used for rental payments made to DGS. **The lease schedules (Sections 2.9-2.12) should be used to budget for the three components that comprise this Comptroller Object 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 and should not budget for rent for this purpose. Agencies that occupy space in buildings operated by DGS and that are funded with any portion of Non-General Funds are required to pay rent to DGS for the Non-General Fund portion of space occupied. Agencies paying rent to DGS should budget the entire amount in Comptroller Object 1303. **In the FY 2017 request, agencies should budget 2 percent in addition to the FY 2016 appropriation amount (see Section 2.9 – State-owned Property Lease Schedule for FY 2017 charges). Please contact your DBM budget analyst by August 6, 2015 if there are any projected changes to your square footage needs. DBM will make any needed adjustments in the FY 2017 Governor’s Allowance.**
2. **Lease oversight charges:** Charges are based on the number of leases and square footage per agency administered by the DGS Lease Management Division. Agencies should budget for lease oversight charges in accordance with the schedule in Section 2.10. DBM will make appropriate adjustments in the FY 2017 Governor’s Allowance.
3. **Reimbursable Leases:** The reimbursable lease schedule covers debt service and operating costs of buildings owned by local jurisdictions that the State will acquire once bond obligations have been satisfied. Agencies should budget for reimbursable leases in accordance with the lease schedule in Section 2.11.

Section 2.12 lists the total DGS rent charges by agency.

**Schedule of Real Property Leases**

A DA-24 form is to be completed for each program or subprogram in which funding for rent is requested. All information requested on the form must be entered separately for each lease, existing and proposed. Where leases are funded in various subprograms, make an entry for each funding component and create a total for the lease. The information contained on the DA-24 form should be reconciled to the total dollar amounts for Comptroller Objects 1301 or 1303. Where appropriate, the leases should be listed and totaled by the Comptroller Object. Agencies may submit an Excel spreadsheet with this information instead of using the DA-24 form. Consult with the assigned DBM budget analyst if you have questions or need assistance.

## 1.19 OPERATING MAINTENANCE

Operating Maintenance expenditures should be budgeted under the appropriate Comptroller Objects as follows:

### Object 08 – Contractual Services

- Building/Road Repairs and Maintenance (0812)

### Object 14 – Land and Structures

- Roof Repair/Replacement (1440)
- Building Interiors (1442)
- Heating (1444)
- Security Alarm Systems (1446)
- Ground Maintenance (1448)
- Easement Acquisitions (1481)
- Building Exteriors (1441)
- Water (1443)
- Power Lines (1445)
- Road Repair Services (1447)
- Sheds, Gas & Oil Storage Tanks (1449)
- Other Land and Structures (1499)

Note: Comptroller Object 1498 is reserved for statewide operating maintenance projects that are administered by DGS.

### Agency Maintenance

An agency's ongoing, preventive maintenance should be reported and requested in the agency's budget submission under the appropriate Comptroller Object code. Higher education institutions should include all facility-related projects in the budget request since these projects and funds are not administered by the Department of General Services (DGS).

### DGS Administered Maintenance

Operating maintenance projects administered by DGS should not be included in an agency's budget request submission. 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, in conjunction with DGS, will review these projects. If you have any questions, please contact:

Nelson E. Reichart  
Deputy Secretary  
Department of General Services  
301 W. Preston Street, Room 1401  
Baltimore, Maryland 21201  
410-767-4960  
nelson.reichart@maryland.gov

## 1.20 OVER-THE-TARGET REQUESTS

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

Requests must be prioritized and submitted to DBM using the DA-21A and DA-21B forms (see Section 3). The information supplied in these forms is used by DBM staff to understand both the costs and the programmatic impacts of the requests. Thorough yet concise information allows for a comprehensive analysis and comparison of all requests across the State. Over-the-target requests must be submitted with the FY 2017 base budget submission. Do not include general funding above the target in the budget submission. If an agency submits more than three over-the-target requests, all requests will be returned to the agency or department for further prioritization. Multiple items should not be combined into one request.

### **Information Technology Over-the-Target Requests**

Agencies seeking to obtain approval and funding for a new Major Information Technology Development Project (MITDP) must submit both the DA-21A and the DA-21B forms to DBM. Agencies must also submit an Information Technology Project Request (ITPR) to the Department of Information Technology (DoIT). **The amounts listed on the DA forms and the ITPR forms must match.** Make sure that the DA-21A narrative 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 a project.

**For ongoing MITDPs, the funding for each year of a MITDP must be carefully reviewed by the agency budget staff and DBM staff. Please carefully align the budget and ITPR to reflect any changes in the scope of the MITDP. Any special and federal fund sources to be used to support the project should be identified in the budget request.**

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

## 1.21 SERVICES TO CHILDREN, YOUTH, AND FAMILIES

Appendix K in the Governor’s Budget Highlights book reports the budgeted costs for services to children, youth, and families. Instructions are outlined below for reporting these costs in a consistent manner.

**Agencies that provide services to children, youth, and families must submit a DA-2 form or an electronic spreadsheet with the relevant appropriation programs and sub-programs.**

This reporting requirement applies to the following agencies:

- Department of Health and Mental Hygiene
- Department of Human Resources
- Department of Juvenile Services
- Department of Labor, Licensing and Regulation
- Maryland State Department of Education (including Children’s Cabinet Interagency Fund)
- Governor’s Office for Children
- Interagency Committee for School Construction
- Maryland School for the Deaf

If your agency is not listed above but does allocate funds for services to children, youth, and families, please include similar data with your FY 2017 budget request.

A list of programs and sub-programs used to develop the FY 2016 Appendix K data will be distributed to the departments and agencies listed above. *The same programs/subprograms should be used to budget for appropriate costs for these services to Children, Youth, and Families in the FY 2017 budget request.* If a program will be added or deleted, the agency submission must include:

- A summary outlining the addition or deletion of any sub-programs impacting these services, with a brief explanation for each change;
- The total amount of spending (all funding sources) for the FY 2015 actual, FY 2016 appropriation, and FY 2017 request; and
- For any addition, the appropriate results area(s) to be achieved by the funding:
  1. Babies Born Healthy
  2. Healthy Children
  3. Children Entering School Ready to Learn
  4. Children Successful in School
  5. Children Completing School
  6. Children Safe in Their Families and Communities
  7. Stable and Economically Independent Families

You may identify more than one results area for the same program/sub-program, except funding must be identified separately for the “Children Entering School Ready to Learn” results area.

**The due date for this requirement is Friday, October 2, 2015.** A copy of each submission should be sent to Shane Spencer, [shane.spencer@maryland.gov](mailto:shane.spencer@maryland.gov), and the DBM budget analyst.

## 1.22 CHESAPEAKE BAY RESTORATION EXPENDITURES

### BAY BUDGET

A summary of Chesapeake Bay restoration operating and capital expenditures will be included in the FY 2017 Budget Books according to Section 41 of the FY 2016 budget bill, reflecting FY 2015 actual expenditures, the FY 2016 budget book appropriation, and the FY 2017 allowance by fund type and fund source.

This reporting requirement applies to the following agencies, who will each receive a template from DBM by August 14, 2015 to be completed and submitted with the FY 2017 budget submission:

Department of Natural Resources	Maryland Department of Agriculture
Maryland Department of the Environment	Maryland Department of Planning
Maryland Department of Transportation	Maryland State Department of Education
Morgan State University	St. Mary's College of Maryland
University System of Maryland	

The following criteria should be used to determine if expenditures must be included:

- The subprogram or project receives funding that supports Chesapeake Bay restoration activities in any one of fiscal years 2015, 2016 or 2017, and
  - More than 50% of subprogram activities are directly related to Chesapeake Bay restoration. Agencies may note the percent related if they do not believe 100% should be counted. Activities defined as restoration of the Chesapeake Bay include Living Resource Protection and Restoration, Vital Habitat Protection and Restoration, Sound Land Use, Stewardship and Community Engagement, and Research.
1. DNR, MDA, MDE, MDP and MSDE must review and update the list of subprograms when completing the template.
  2. MDOT will submit by project and St. Mary's College of Maryland, Morgan State University and each University System of Maryland campus will complete the template as in past years.
  3. All agencies except MDOT are asked to provide fund source information.

### 2-YEAR MILESTONES

DNR, MDA, MDOT and MDE are also required to submit a summary of 2-year milestone funding in accordance with Section 41 of the FY 2016 budget bill, including funding by agency, best management practice, fund type, and particular fund source along with associated nutrient and sediment reductions for fiscal 2014, 2015, 2016, and 2017. This template will also be distributed by DBM by August 14, 2015.

## 1.23 STRATEGIC ENERGY INVESTMENT FUND (SEIF)

Section 42 of the FY 2016 Budget Bill requires DBM to publish an appendix in the Governor's Budget Books on the revenue, budget and expenditures of the Strategic Energy Investment Fund (SEIF) for the FY 2015 actual expenditures, the FY 2016 working appropriation, and the FY 2017 allowance.

The revenue portion of the report shall include:

1. The number of auctions, allowances sold, and price per allowance (current and future control period if offered)
2. Prior fund balance used to support the appropriation
3. Anticipated revenue from set-aside allowances

The budget and expenditure portion of the report shall include the amount of SEIF funds budgeted and spent by each State agency, and identify any prior year fund balance:

1. Energy Assistance
2. Energy Efficiency and Conservation Programs for the low and moderate income sectors
3. Energy Efficiency and Conservation Programs in all other sectors
4. Renewable and Clean Energy Programs, Energy Education, and Climate Change Programs
5. Administrative Expenditures
6. Dues owed to the Regional Greenhouse Gas Initiative
7. Transfers made to other funds (including the Clean Air Fund, the Transportation Trust Fund, and the Offshore Wind Business Development Fund)

The Maryland Department of the Environment (MDE) and Maryland Energy Administration (MEA) will be responsible for providing SEIF revenue estimates and MEA will also be responsible for coordinating and submitting a Statewide SEIF budget request, as well as expenditure information for the actual FY 2015 budget and the FY 2016 working appropriation.

The SEIF Appendix will include detail on SEIF funds in the following agencies:

Department of General Services (DGS)  
Department of Health and Mental Hygiene (DHMH)  
Department of Housing and Community Development (DHCD)  
Department of Human Resources (DHR)  
Maryland Department of the Environment (MDE)  
Maryland Department of Transportation (MDOT)  
Maryland Energy Administration (MEA)  
Public Service Commission (PSC)

## 1.24 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, but do **NOT** allocate General Obligation Bond funding in the FY 2017 operating budget request. **Funding for PAYGO projects should not be budgeted in operating programs, but rather in the applicable PAYGO (capital) program within your agency.**

### Subprogram Reporting

When multiple **PAYGO** capital projects are budgeted in the same eight-digit **non-transportation** program, each project is to be budgeted in a separate subprogram, including projects that may be added in the FY 2017 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 2017. One example of a designated PAYGO program having more than one capital project, each budgeted in its own sub-program, is D55P00.04, Department of Veterans Affairs, Cemetery Program/Capital Appropriation. This program was broken into five separate sub-programs, each representing different cemetery projects at separate locations.

The following programs have had more than one project in prior year budgets, and meet the stated reporting protocol:

<u>Department</u>	<u>Programs</u>
Maryland Energy Administration	D13A1303, D13A1302
Department of Planning	D40W0111
Department of the Military	D50H0104
Department of Veterans Affairs	D55P0004, D55P0006
Department of Natural Resources	K00A0510, K00A1102
Department of Agriculture	L00A1111, L00A1213, L00A1505
Department of Housing and Community Development	S00A2402, S00A2507, S00A2508, S00A2509
Department of Public Safety and Correctional Services	Q00A0105
Department of the Environment	U00A0103, U00A0105, U00A0111, U00A0112.

If you need additional guidance, contact your DBM analyst or Kurt Stolzenbach at 410-260-7416.

## 1.25 INDIRECT COST RECOVERY AND REVERSION REPORTING

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 federally cognizant 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

**All agencies** must complete a DA-27 form (even if there are no recoveries to report). 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 data for the most recently completed fiscal year, as well as estimates for the current budget fiscal year and the budget request year.** 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 far 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** should be included in the agency's budget submission. Failure to provide the DA-27 form and/or the Negotiated Agreement Letter in a timely fashion will result in a slower budgetary process. In the interim, electronic copies of the DA-27 form and the most current agreement letter should be sent to Kurt Stolzenbach, [kurt.stolzenbach@maryland.gov](mailto:kurt.stolzenbach@maryland.gov), and the DBM budget analyst. This information is reported in Appendix I of the Governor's Budget Highlights Book.

## 1.26 ORGANIZATIONAL CHARTS

Section 30 of the FY 2016 budget bill requires that the Department of Budget and Management (DBM) submit to the Department of Legislative Services (DLS) organizational charts by department, unit, agency, office, and institution that depict 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 that depicts the allocation of personnel across operational and administrative activities of the entity.

**Agencies must develop the organizational charts in either Microsoft Word or Adobe PDF format.** An electronic version should be forwarded to DBM for compilation and delivery to DLS. Agencies should submit the electronic file to the DBM budget analyst and Kurt Stolzenbach at [kurt.stolzenbach@maryland.gov](mailto:kurt.stolzenbach@maryland.gov) no later than the budget submission date. *DBM is responsible for forwarding these charts to DLS. Agencies should not submit the files directly to DLS.*

If you have additional questions, please contact Kurt Stolzenbach at 410-260-7416 or your assigned DBM budget analyst.