

# Grants

Budgets, Appropriations, Budget Amendments,  
and other pieces of red tape

## Made Easy

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[www.gov.state.md.us/grants](http://www.gov.state.md.us/grants)



Martin O'Malley, Governor

Anthony G. Brown, Lt. Governor

# Why does my grant need to be in the budget?

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## 1. The State Constitution

- Cannot withdraw money from the Treasury without an appropriation
- Budget shall be a “comprehensive” plan of spending
  - (meaning it includes federal and other grant funds)

# Why does my grant need to be in the budget?

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## 2. To provide complete information

- For DBM and the Governor
- For DLS and the legislature
- For citizens and stakeholders

# How do I get my grant into the budget?

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1. Legislative budget process
2. Budget amendment process

# The Budget Process

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# Reminder: The 2 most important things about the budget

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1. It has to be balanced
2. The legislature cannot add or transfer appropriations, but can only reduce or restrict appropriations

# Budget timeline

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- June
  - DBM (usually) issues budget instructions and targets
- Aug. 31
  - Agencies submit budgets to DBM
- Sept. – Nov.
  - DBM analysis
  - executive branch hearings
- Dec.
  - final revenue estimates
  - Governor decisions
- Jan
  - budget introduced
- Feb. – March
  - General Assembly hearings
- March-April
  - General Assembly decisions
  - budget enacted
- July
  - fiscal year starts

# Fund Types

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## Appropriated

- General

- Special

- Federal

- Higher Education – *won't discuss today*

## Not appropriated

- Reimbursable

- Non-budgeted – *won't discuss today*



# General funds

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- ❑ From general tax sources
- ❑ For general government functions
- ❑ Largest fund source for MOST agencies
- ❑ Cannot be added by budget amendment
  - Can be re-allocated within a financial agency
  - Deficiency appropriations
  - BPW contingent fund

# Special funds

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- ❑ From DEDICATED fund sources
- ❑ Restricted use
- ❑ MAY BE added by budget amendment
- ❑ Legal authority
  - specific statutory authority
  - Funds granted and restricted by donor

# Federal funds

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- DIRECTLY from Federal Government
- Used in accordance with Federal requirements
- MAY BE added by budget amendment

# Reimbursable funds

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- When one agency uses the services of another and reimburses the cost
- Authorized by budget language
  - On a program-by-program basis
- May be increased administratively
  - Legislative notice and review for GOCCP and MEMA over \$100k

# Remember

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- You are not supposed to spend money without an appropriation.

# The Budget Amendment Process

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# Budget Amendment Considerations

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- ❑ Amendments are not required if you have significant spending authority that you will not use- Appropriations controlled at program and fund levels not by the revenue line.
- ❑ Amendments should be concentrated during two periods of the year.
  - beginning of the year when agencies receive sizable new grants for which they need spending authority
  - end of the year when agencies receive grants for which they don't have spending authority and will spend the funds.
- ❑ Any spending authority need during the middle months of the year should be requested through the budget process as a deficiency appropriation.

# Purposes for Budget amendments

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- Re-allocate existing appropriation
- Implement re-organizations
- Add non-general funds
- Funding cannot be deferred until April



# Budget amendment process

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- ❑ Agency head submits
- ❑ DBM reviews
- ❑ Legislative review
  - Sometimes (more on this later)
- ❑ Governor approves
- ❑ Comptroller implements in accounts
- ❑ Copies to:
  - Originating agency, DLS, DBM, Comptroller

# Legislative review

## Budget Bill Sec. 36

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- ❑ Increases non-general funds more than \$100,000 (Reimbursable fund amendments only if consists of funds from GOCCP or MEMA)
- ❑ Up to 45-days for review and comment
- ❑ Requires federal fund amendments over \$100,000 to include documentation for funds (i.e., an award letter) certified by DBM

# Legislative review – Sec. 36

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## □ Exceptions

- Federal disaster assistance
- “Sunny day” fund project approved by Legislative Policy Committee
- “Major IT Development Project” funds approved by budget committees

# “Thou Shalt Nots” more Sec. 36

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- ❑ Restore funding for items specifically cut by legislature
- ❑ Fund a capital project not authorized by legislature
- ❑ Increase scope of a capital project more than 7.5% in dollars or 5% in square feet
- ❑ Fund position reclassifications of more than \$100,000

# Reimbursable Fund Budget Amendments

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- Grant funds received by one agency, to be distributed to another agency, may require two budget amendments & BPW approval
  - One amendment increases special or federal funds in the distributing agency (e.g., Military-MEMA)
  - BPW approval now needed to add reimbursable funds
    - If the program had no RF language in the enacted budget bill
  - Once the BPW has approved funds, DBM can process a RF amendment without further review, and copy DLS

# Lessons for Grant Budgeting

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## □ Plan ahead

- Get funding in your agency budget request if possible
- Start on budget amendments early

## □ Touch bases

- DBM
- DLS
- Granting entity

# Grant Landmines

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- ❑ The gift we can't afford
- ❑ Policy implications
- ❑ Stepping on toes
  - Legislative process
  - Other agencies

# Related requirements to beware, we mean BE AWARE of

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- Procurement
- Personnel
- IT Development
- Accounting
- Grant requirements
  - Reporting
  - Matching funds
  - Maintenance of effort/non-supplantation