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

Made Easy

May 23, 2007

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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?

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?

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?

1. Legislative budget process
2. Budget amendment process
The Budget Process
Reminder: The 2 most important things about the budget

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

- **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

☐ Appropriated
  ■ General
  ■ Special
  ■ Federal
  ■ Higher Education – won’t discuss today

☐ Not appropriated
  ■ Reimbursable
  ■ Non-budgeted – won’t discuss today
General funds

- 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**

- 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

☐ DIRECTLY from Federal Government

☐ Used in accordance with Federal requirements

☐ MAY BE added by budget amendment
Reimbursable funds

- 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

☐ You are not supposed to spend money without an appropriation.
The Budget Amendment Process
Budget Amendment Considerations

- 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

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

- 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

- 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

- 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

☐ 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

- 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

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

- Touch bases
  - DBM
  - DLS
  - Granting entity
Grant Landmines

☐ The gift we can’t afford
☐ Policy implications
☐ Stepping on toes
  ■ Legislative process
  ■ Other agencies
Related requirements to beware, we mean BE AWARE of

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