

The Council Budget

Understanding the Budget Process



Statutory and Regulatory Framework for SCDD funding

DD Act

- **Program**
- **Authorizing**
- **Legislation**
- Contains program specific information

45 CFR Part 1386

- Formula Grant Programs; Subparts A-D,
- Subpart C – Federal Assistance to State Developmental Disabilities Councils

45 CFR 75

- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards

Agency Policies

- Information Memorandums
- Program Instructions

Notice of Award

- Includes terms and
- conditions

What is a Budget?

- An itemized summary of estimated or intended expenditures for a given period along with proposals for financing them

What is a Budget continued

- A systematic plan for the expenditure of a usually fixed resource, such as money or time, during a given period (fiscal year)
- Formalized statement of the goals of an organization stated in financial terms

Explanation of Terms

- ▶ **Expenditure** – Items bought and paid for within the same fiscal year
- ▶ **Federal Fiscal Year**
October 1 – September 30
- ▶ **Calendar Fiscal Year**
January 1 – December 31
- ▶ **State Fiscal Year**
Specific to state or territory

The Purpose of a Budget

- A spending plan of an organization for a specific period of time
- Formal statement of the goals of an organization in financial terms (numbers)

The Council Budget

- Reflects the Council's State Plan – the budget is the plan of how a Council will fund their State Plan goals and objectives
- Is for a specific period of time – fiscal year, or calendar year

The Council Federal Allotment

- Each fiscal year a Council receives an allotment from the Department of Health and Human Services, Administration for Community Living
- Allotments are based on: the population of the State; the extent of need for services for individuals with developmental disabilities and; the financial need of the State

Federal Allotment continued

- Councils are given a total of three years to expend one grant award
 - Councils are given two years to obligate and perform the work with the federal funds
 - Councils are given one additional year to liquidate funds

Explanation of Terms

- Obligate – A legal 'promise' to pay money that has been set aside for a specific activity or purpose
- Liquidate – spending money that has been obligated

DD Act requires

- At least 70% of a Council's allotment must be used to implement the Council State Plan
- No more than 30% of a Council's allotment may be used for administrative costs – the 30% includes the DSA reimbursement percentage of 5% of the annual award.

The Council member role in the budget process

- ▶ Approve annual budget
- ▶ Monitor the Councils financial status on a regular basis (ex. Quarterly)

The Council's business

- ▶ In terms of dollars, at least 70% of the Council's business involves working with contractors and grant recipients as well as Council staff who perform functions/activities to meet the Councils goals within the State Plan
- ▶ A systematic approach to keeping everything focused and on track is needed (policies, reports)

The Council's business continued

- No more than 30% of the annual grant award may be used for administrative purposes
- What are administrative costs?
 - An expense that is incurred in directing or managing the Council; costs related to the Council as a whole (common examples: utilities, rent, accounting)

Who prepares the budget?

- ▶ The Executive Director and/or related staff typically prepare the budget for Council approval*
- ▶ Staff are in an excellent position to ensure the Council budget meets all State requirements (and requirements of the designated State agency) and is reflective of allowable categories and meets the “terms and conditions” of the grant award (as determined by ACL and OMB)

*unless the Council has specific procedures or process outlined in Council approved documents such as policies and procedures or by-laws

Budget preparation continued

- The Executive Director should prepare the administrative budget for the Council.
- The administrative budget should be itemized with items related to staffing costs, office costs, equipment costs, staff development (training) costs and other costs as determined by the Executive Director to implement the functions of the Council and in concert with the Council 5-year plan.

Questions Council members may ask as they consider budget development

- What activities or programs will the Council undertake?
- Are the activities/programs consistent with the State Plan?
- Are these programs/activities consistent with the Council's mission and 5-Year State Plan?
- How will the Council allocate resources to fund the activity/program?

Monitoring the Council budget

- ▶ Council members should receive a financial report on a regular basis (example: Council meetings)
- ▶ The purpose of the Council budget report is so that members can monitor obligation and liquidation of the Council grant award(s)
- ▶ The purpose is not to review and approve each expenditure incurred by the Council. Staff and the designated State agency will ensure expenditures are in concert with the budget and meet State and Federal rules for allowable costs.

Good questions to consider when reviewing a Council financial report

- ▶ Are our expenses in line with our budget?
- ▶ Are we meeting the overall budget by line-item? If not, why?
- ▶ Is a particular grant spending according to schedule?
- ▶ Were all grantee expenses allowable? How did the Council handle any unallowable expenses?

Questions....continued

- Do we have un-obligated funds for the current year?
- What is the Council planning for these funds?

Final thoughts

- Councils who operate as their own or with a Designated State Agency must follow all State laws, policies and procedures. The Council staff will navigate Council business to ensure compliance.

“Do not value money for any more nor any less than its worth; it is a good servant but a bad master.”

Alexandre Dumas