

CHAPTER 3 BUDGET

Introduction

This chapter provides a description of the budget, the five line items, and the procedures for submitting an update to the budget detail at necessary times during the Agreement term. The original budget detail is submitted with the Funding Application and the instructions and forms are found in CMB Chapter 1.

The WIC local agency is funded for each of three (3) federal fiscal years (FFY) in the WIC local agency Agreement and based on this funding develops a five line item budget for each of these FFYs. The local agency must submit with each budget a breakdown of expenses for four of the five line items (not indirect costs), this is called the budget detail.

I. Budget Description

Maximum Payable Amount

The maximum payable amount includes base funding for caseload, "Other WIC Services" funding, and an unauthorized (reserve) amount for future program needs (i.e., increases in caseload, or new initiatives, etc.). The reserve enables the State WIC Program to authorize additional funds to a WIC local agency without requiring an amendment to the WIC local agency Agreement.

Authorized Funding Amount

The authorized funding amount is the portion of the maximum payable amount that the State WIC Program has authorized the WIC local agency to spend through an "award letter" or the Authority to Spend (ATS) process. Local agencies may **not**: 1) spend more than the total authorized funding amount in a given budget year or 2) spend more than the amount allocated to each line item in the Agreement budget. Refer to CMB Chapter 11 for information on how to do a line item shift transferring funds from one budget line item to another.

**Unauthorized
(Reserve) Funding**

The unauthorized funding amount is the reserve portion of the maximum payable amount that the State WIC Program has not authorized the WIC local agency to spend. The State WIC Program can authorize portions of this reserve to the WIC local agency for additional caseload or “Other WIC Services” projects throughout the budget period.

Five Line Items

The budget consists of the following five line items:

- personnel,
 - operating expenses,
 - capital expenditures (equipment more than \$5,000 per unit and a life of more than one year),
 - other costs (subcontracts), and
 - Indirect costs.
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Funding Worksheet

A funding worksheet for each of the three (3) FFYs of the agreement is received by the WIC local agency with the award letter. The top of the funding worksheet for each FFY provides the WIC local agency with the Caseload Allocation, Maximum Amount Payable, the Authorized amount, and the Unauthorized amount. The bottom half of the funding worksheet is completed by the local agency and is their proposed budget of the maximum payable amount, authorized funding amount, and unauthorized funding amount (reserve) for each budget period for the five line items. A proposed budget with budget detail for each of the three budget periods must be submitted by the WIC local agency as part of the Funding Application. The Maximum Amount Payable budget for each FFY is incorporated into the WIC local agency’s Agreement as separate budget attachments (I, II, and III) to Exhibit B.

Instructions for completion of the funding worksheet are included with Attachments 1-5 thru 1-7 of the Funding Application.

Budget Detail

The local agency shall submit with the funding worksheet, budget detail which is a breakdown of expenses for each of the 3 FFYs of the Agreement. The instructions for the completion of the budget detail are found with the required forms which are attachments to the CMB Chapter 1. See the line item description in this chapter to determine the exact forms and location to be used to update the budget detail during the budget period.

Updating Budget Detail

The budget detail must be updated when a line item shift (formal or informal) is requested by the local agency or when an amendment to the Agreement is done which increases the Maximum Payable Amount. The instructions for updating each line item's budget detail are found under each line item in this chapter.

- Formal line item shift is when an amendment to the WIC local agency Agreement is required due to one of the limitations being exceeded: 1) the number of line item shifts allowed; or, 2) the maximum amount allowed. See CMB Chapter 12, Section IV for the limits.
- Informal line item shift is when a shift can be accomplished without exceeding either limitation, and therefore an amendment is not required.

II. Line Item #1, Personnel

Line Item Components

Line item #1, **Personnel**, consists of two components:

a. Total Salaries and Wages:

- regular salaries,
- pay differential, and
- overtime

b. Total Fringe Benefits:

- medical benefits,
- cashed out vacation,
- workers' compensation,
- unemployment insurance, and
- disability insurance.

Source documentation (i.e., time sheets or payroll records signed by the employee and a knowledgeable supervisor) must list the actual hours worked for all positions included on the personnel justification worksheet. The documentation must be prepared at least monthly and coincide with one or more pay periods. For more information on Time Study requirements, see CMB Chapter 13.

The sum of the two components "a" and "b" represents the total budget proposed for line item #1, **Personnel**.

Employee vs. Subcontractor Designation

WIC local agencies must differentiate between employees (positions paid for out of the personnel line item who only work for the WIC program), employees (positions paid for out of the indirect line item who work for more than one program) and subcontractors (positions paid through a contract), for the following reasons:

- to determine which line item to budget the funds
- to determine if submission of the Subcontract Worksheet and a Request for Authorization to Subcontract are necessary; and
- to comply with State/Federal statutes governing the collection of payroll taxes

Refer to Section V of this chapter, and CMB Chapter 8 for additional information.

Budget Detail

The budget detail forms with instructions are in CMB Chapter 1, Attachments 1-18 through 1-20. The instructions for updating the forms throughout the Agreement term are in the next section of this chapter.

The budget detail forms with instructions are in CMB Chapter 1, Attachments 1-18 through 1-20. These attachments are to be submitted with the Funding Application.

Updating Budget Detail

When the total in the Personnel line item increases or decreases due to a Line Item Shift or a contract amendment, the appropriate PJW budget detail must be updated and submitted with the budget worksheet. It must be updated as follows:

- **Additional new classification:** enter the next row number in sequence at the bottom of the appropriate FFY attachment (**Do not reuse a row number**) (column A), the classification title (column B), the FTEs (Column C or G), Yearly Salary Range (column D or H), forecasted amount paid out for positions in that classification and put an “A” in column F or J.
 - **Deleted classification:** strike through the row number and classification title (columns A & B), zero out Yearly Salary and the forecasted amount paid out for positions in that classification, put a “D” in column F or J
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- **Changed classification:** change the information in the appropriate column, enter a “C” in column F or J.

On an addition page for each FFY, title the page “UPDATE FOR PJW-FFY Year number”. For each update, list the row number, classification title, type of update (addition, deletion or change) and provide a justification for the modification.

III. Line Item #2, Operating Expenses

Operating Expenses Categories

The categories A through H require budget detail.

A. Equipment/Furniture

Equipment costing less than \$5,000 per unit.

B. Postage

All costs for mailing letters, shipping, etc.

C. Printing/Duplicating

The cost of producing printed or duplicated materials (includes composition, press work, binding and the end products for printed materials to carry out the WIC Program.

D. Space

This component consists of the total monthly rent, or lease costs, and all associated space costs for all sites utilized by WIC staff members and participants. Rented storage space may also be included. For more information on the allowability of space costs, refer to Chapter 5, Attachment 5-2 (private, non-profit local agencies) or Attachment 5-3 (government local agencies).

E. Training

The cost of training staff on WIC program requirements and general administration procedures

F. Travel

Per diem costs, meal expenses, transportation, etc., for required committees, conferences, and staff training.

G. Utilities

Costs (Electric, Gas, telephone, etc) for all sites utilized by WIC staff members and participants. Rented storage space may also be included.

Other Operating Expenses Categories

Expenses not easily attributable to other line items or line-item categories. Examples include, but are not limited to: communications, dues/fees, insurance, auditor expenses, outreach efforts, medical costs, general health education, immunization promotion, and laboratory fees/medical supplies necessary to perform participant eligibility tests. Refer to Chapter 5, Allowable Costs, for additional information.

Budget Detail

The budget detail forms with instructions are in CMB Chapter 1, Attachments 1-8 through 1-10. These attachments are to be submitted with the Funding Application.

Updating Budget Detail

When the total in the Operating Expenses line item increases or decreases due to a Line Item Shift or a contract amendment, the appropriate FFY budget detail attachment must be updated and submitted with the budget worksheet. It must be updated as follows:

- **Additional new category:** enter in the next row at the bottom of the appropriate FFY attachment, enter the amounts, put an "A" in column E or F, enter the date and a brief description.
- **Deleted items:** strike through the item, zero out the amounts, put a "D" in column E or F, enter the date and a brief description.
- **Changed amounts or description:** change the information, enter a "C" in column E or F, enter the date and a brief description.

Do not reuse a row

When using a continuation page (s) continue the row numbers in column A in sequence from the previous page.

ONLY ENTER THE "CATEGORIES TOTAL" ON THE LAST PAGE USED. THE TOTALS MUST EQUAL THE LINE ITEM TOTAL SHOWN ON THE BUDGET WORKSHEET.

IV. Line Item #3, Capital Expenditures

Definition

Line item #3 is the total of all anticipated major equipment purchases. The definition of major equipment is any item with a unit cost of \$5,000 or more that has a useful life expectancy of one year or more. The total is entered on the **total capital expenditure** line item 3 of the budget worksheet.

Examples of equipment include, but are not limited to: telephone systems, information technology equipment, vehicles, and reproduction and printing equipment. Prior State WIC Program approval is required for any capital expenditure procurements

Budget Detail

The budget detail forms with instructions are in CMB Chapter 1, Attachments 1-11 through 1-13. These attachments are to be submitted with the Funding Application.

Updating Budget Detail

When the total in the Capital Expenditures line item increases or decreases due to a Line Item Shift or a contract amendment, the appropriate FFY budget detail attachment must be updated and submitted with the budget worksheet. It must be updated as follows:

- **Additional new category:** enter in the next row at the bottom of the appropriate FFY attachment, enter the amounts, put an "A" in column E or F, enter the date and a brief description.
- **Deleted items:** strike through the item, zero out the amounts, put a "D" in column E or F, enter the date and a brief description.
- **Changed amounts or description:** change the information, enter a "C" in column E F, enter the date and a brief description.

Do not reuse a row.

When using a continuation page (s) continue the row numbers in column A in sequence from the previous page.

ONLY ENTER THE "ITEMS TOTAL" ON THE LAST PAGE USED. THE TOTALS MUST EQUAL THE LINE ITEM TOTAL SHOWN ON THE BUDGET WORKSHEET.

V. Line Item #4, Other Costs (Subcontracts)

Subcontract Requests and Authorization

This line item is used to budget all subcontracts. Subcontracts are written agreements between a local agency and another person or organization to provide products, services, or perform duties to provide some or all of the services outlined in the scope of work of the local agency contract. All subcontracts must comply with the requirements detailed in CMB Chapter 8.

Subcontract costs must be included on the subcontract worksheet (Attachment 1-14 through 1-16) for the appropriate budget year. A local agency must complete a Request for Authorization to Subcontract form for each subcontract of \$5,000 or more (Attachment 1-17).

Prior to entering into a subcontract of \$5,000 or more, local agencies must submit the actual subcontract documents to the State WIC Program for review and receive written approval from the State WIC Program prior to signing the subcontract.

If a subcontract covers more than one budget period, it must be shown on the budget worksheet for each budget periods involved.

Budget Detail

The budget detail forms with instructions are in CMB Chapter 1, Attachments 1-14 through 1-16.

Updating Budget Detail

When a subcontract increases or decreases due to an extension or cancellation or a new subcontract is entered into by the local agency, the appropriate FFY budget detail attachment must be updated and submitted with the budget worksheet. It must be updated as follows:

- **Additional new subcontract:** enter in the next row at the bottom of the appropriate FFY attachment, enter the name, service, amount (column C or D), put an "A" in column E, enter the date and a brief description.
- **Deleted subcontract:** strike through the name and service, zero out the amount (column C or D), put a "D" in column E, enter the date and a brief description.
- **Changed amount or service:** change the information, enter a "C" in column E, enter the date and a brief description.

Do not reuse a row.

ENTER THE "TOTAL AMOUNT" AND THE TOTAL MUST EQUAL THE LINE ITEM TOTAL SHOWN ON THE BUDGET WORKSHEET.

VI. Line Item #5, Indirect Costs

Indirect Costs

Indirect costs are derived from services (administrative or pools of technical services) that benefit multiple programs or projects, and, therefore, cannot be readily assigned to a specific direct cost. Indirect costs must not exceed thirteen.eight percent (13.8%) of the total personnel line item.

- Private Nonprofit Organizations: Indirect costs may include general administrative costs, such as: a local agency's director and office staff, payroll support, general accounting, and legal support.
- Facility costs such as rent, operations and maintenance, and interest expenses that are not budgeted as direct operating costs (line item 2) may be budgeted as indirect costs, line item 5 (refer to Title 2 of the Code of Federal Regulations (2 CFR), Subtitle A, Chapter II, part 230 (formerly OMB circular A-122) for additional information regarding indirect costs for private nonprofit organizations).
- Local Government Organizations: Indirect costs may include: general accounting, personnel, purchasing, motor pool, insurance, and fringe benefits (refer to Title 2 of the Code of Federal Regulations (2 CFR), Subtitle A, Chapter II, part 225 (formerly OMB circular A-87) for additional information regarding indirect costs for local government organizations).

Cost Allocation Plan

All budgeted costs shall be supported by a cost allocation plan. Local agency parent organizations must develop a cost allocation plan to determine the indirect cost rate charged to grant programs. The purpose of cost allocation plans is to guide programs to consistently apply expenses to all grant programs within an organization.

Cost allocation plans must meet the requirements established in the OMB circulars. Cost allocation plans are not submitted

with the funding application; however, they must be on file for audit purposes and State WIC Program review. If requested, a local agency must submit its cost allocation plan to the State WIC Program within five (5) business days.

Budget Detail

No budget detail is required for this line item.