

## CHAPTER 3 BUDGET

### **Introduction**

This Chapter provides a description of the budget and the budget's five (5) line items. Budget detail is submitted with the Funding Application and the instructions and forms are found in CMB Chapter 1.

The WIC local agency Agreement includes budget detail for each Federal Fiscal Year (FFY) of a WIC local agency Agreement. Based on the Agreement terms, the WIC local agency develops a five (5) line item budget for each FFY. The WIC local agency must submit with each budget a breakdown of expenses for four (4) of the five (5) line items (not Indirect Costs). This is called the budget detail.

### **I. Budget Description**

#### **Maximum Payable Amount**

The Maximum Payable Amount is the funding amount allocated to the WIC local agency. The Maximum Payable Amount includes base funding for caseload and funding for Other WIC Services.

Funding amounts for Other WIC Services are provided in the Maximum Payable Amount as detailed in the funding award letter. The amounts for Other WIC Services may be subject to adjustment based on actual funding received. WIC local agencies will be notified via an updated award letter.

#### **Five Line Items**

The budget consists of the following five (5) line items:

1. Personnel (includes Total Salaries and Wages and Total Fringe Benefits),
2. Operating expenses,
3. Capital expenditures [equipment more than \$5,000 per unit and a useful life of more than one (1) year],
4. Other costs (subcontracts), and
5. Indirect costs.

**Funding Worksheet**

A Funding Worksheet for each FFY of the Agreement is required to be completed by the WIC local agency with the Funding Application. The top of the Funding Worksheet provides the WIC local agency with the Caseload and Maximum Payable Amount.

The bottom half of the Funding Worksheet is completed by the WIC local agency and is the proposed budget for the Maximum Payable Amount for each budget period for the five (5) line items.

A proposed budget with budget detail for the budget period must be submitted by the WIC local agency as part of the Funding Application. The Maximum Payable Amount budget for each FFY is incorporated into the WIC local agency's Agreement as separate budget attachments in Exhibit B.

Instructions for completion of the Funding Worksheets are included with in the Funding Application.

**Budget Detail**

Along with the Funding Worksheets, the WIC local agency shall submit budget detail for each line item except Indirect Costs. The budget detail is a breakdown of line items for the FFY of the Agreement.

The instructions for the completion of the budget detail forms are found with the required forms in the Funding Application.

**Updating Budget Detail Documents**

The budget detail must be updated when:

1. An amendment to the Agreement is done which increases the Maximum Payable Amount.
2. An amendment to the Agreement is done to facilitate a budget revision. Refer to CMB, Chapter 4, Section III.
3. The agency receives a caseload increase or decrease.
4. A classification is added, deleted, or changed on the Personnel Justification Worksheet. Refer to Section II of this Chapter.

WIC local agencies must submit the appropriate budget detail worksheets and any additional documentation required as detailed in the specific instructions under each line item in this Chapter to the Contract Manager.

## II. Line Item #1, Personnel

### Line Item Components

Line Item #1, Personnel, consists of two (2) 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.

The sum of the two (2) components “a” and “b” represents the total budget proposed for Line Item #1, Personnel.

### Source Documentation

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 (1) or more pay periods. For Time Study requirements, see CMB Chapter 13.

### Employee vs. Subcontractor Designation

WIC local agencies must differentiate between regular employees (positions paid for out of the Personnel Line Item who work only for the WIC program), employee positions paid for out of the Indirect Costs 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.

## **Personnel Budget Detail**

The Personnel Justification Worksheet (PJW) budget detail form with instructions is located in CMB Chapter 1, and is to be submitted with the Funding Application. The PJW budget detail form must also be updated throughout the Agreement term when a classification is added, deleted, or changed.

## **Updating Personnel Justification Worksheet**

The Personnel Justification Worksheet (PJW) must be updated when

- the total amount in the Personnel Line Item increases or decreases due to a contract amendment, or
- a classification needs to be added, deleted, or changed.

The appropriate FFY Funding Worksheet and PJW must be updated and submitted with any other affected budget detail worksheets.

- **To add a new classification:** enter the new classification into the next row number in sequence at the bottom of the appropriate FFY budget document. Do not reuse a row number. Update all appropriate columns. Bold and underline all new information.
- **To delete information:** do not delete the information; add a strikethrough to the information. Update all appropriate columns.
- **To change information:** do not delete the outdated information; add a strikethrough to the information. Add the new information to the existing line or cell of the worksheet, and bold and underline all new information.

For each update, list the row number, classification title, type of update (addition, deletion or change) and provide a justification for the modification.

If adding a classification to the PJW, the request must include the WIC classification duty statement (including the corresponding row number) and an updated organizational chart (indicating the detail of classifications and full time equivalent positions).

### III. Line Item #2, Operating Expenses

#### Operating Expenses Categories

Line Item #2, Operating Expenses consists of the following:

**1. Equipment/Furniture**

Equipment with a unit cost of less than \$5,000 per unit. Examples include: modular furniture; desks and chairs for counselors; classroom tables and chairs and other classroom items such as white boards; waiting room chairs; furniture for required lactation rooms, etc.

**2. Postage**

All costs for mailing letters, shipping, etc.

**3. Photocopying/Duplicating**

The cost of reproducing or duplicating materials and the end products for printed materials to carry out the WIC Program.

**4. Space**

The total monthly rent, or lease costs, and all associated space costs for each site utilized by WIC staff members and participants. Rented storage space is also included.

**5. Supplies**

Items with a unit cost of less than \$500. Examples include calculators, toner, paper, pens/pencils, staplers, flip charts, and teaching aids.

**6. Training**

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

**7. Travel**

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

**8. Utilities**

Costs (electric, gas, telephone services, etc.) for all sites utilized by WIC staff members and participants.

**9. Membership, Subscriptions and Professional Certifications**

Cost of professional certification/recertification (R.D., IBCLC, etc.) as part of an employee's professional development plan that aligns with agency policies and procedures. Costs of

relevant subscriptions or memberships to business, professional, and technical periodicals or organizations.

### **10. Outreach/ Promotion**

The cost of procuring and producing outreach and promotion items. Refer to CMB Chapter 5, Attachment 5-1, Outreach, for specific criteria.

### **11. Breastfeeding Promotion**

Items that directly support the initiation or continuation of breastfeeding. Refer to CMB Chapter 5, Attachment 5-1, Breastfeeding Aids, for specific criteria.

### **12. Nutrition Education**

The cost of procuring and producing general education materials including posters, pamphlets, audio visuals, and health education materials, etc.

### **13. Audit**

The costs associated with the required annual “Single Annual Audit” (A-133 audit) or “Health and Safety Audit” (H&S audit). Refer to CMB Chapter 14 for audit requirements.

### **Operating Expenses Budget Detail**

The Operating Expenses Budget Detail Worksheet with instructions is located in CMB Chapter 1, and is to be submitted with the Funding Application.

### **Updating Operating Expenses Budget Detail Worksheet**

The Operating Expenses Budget Detail Worksheet must be updated when the total in the Operating Expenses Line Item increases or decreases due to a contract amendment. The Funding Worksheet and Operating Expenses budget detail attachment(s) must be updated and submitted with any other affected budget worksheets.

- **To delete information:** do not delete the information; add a strikethrough to the information. Update all appropriate columns.
- **To change information:** do not delete the outdated information; add a strikethrough to the information. Add the new information to the existing line or cell of the worksheet, and bold and underline all new information.

## 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 (1) year or more. The total is entered on the Capital Expenditures Line Item 3 of the budget worksheet.

The Capital Expenditure Budget Detail Worksheet includes the following categories: telephone systems, information technology equipment, vehicles, photocopy and duplication equipment, and other. Prior State WIC Program approval is required for any capital expenditure procurements.

### Capital Expenditures Budget Detail

The Capital Expenditures Budget Detail Worksheet with instructions is located in CMB Chapter 1, and is to be submitted with the Funding Application.

### Updating Capital Expenditures Budget Detail Worksheet

The Capital Expenditures Budget Detail Worksheet must be updated when the total in the Capital Expenditures Line Item increases or decreases due to a contract amendment. The Funding Worksheet and Capital Expenditures budget detail attachment(s) must be updated and submitted with any other affected budget worksheets.

- **To add new information:** enter the new information into the next row number in sequence at the bottom of the appropriate FFY budget document. Do not reuse a row number. Update all appropriate columns. Bold and underline all new information.
- **To delete information:** do not delete the information; add a strikethrough to the information. Update all appropriate columns.
- **To change information:** do not delete the outdated information; add a strikethrough to the information. Add the new information to the existing line or cell of the worksheet, and bold and underline all new information.

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

### **Subcontract Budget Detail**

Line Item #4, Other Costs (Subcontracts) is used to budget all subcontracts. Subcontracts are written agreements between a WIC 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 WIC local agency Agreement Scope of Work. Subcontract costs must be included on the subcontract worksheet. The Subcontract Budget Detail Worksheet with instructions is located in CMB Chapter 1.

### **Request for Authorization to Subcontract**

A WIC local agency must complete a Request for Authorization to Subcontract form for each subcontract of \$2,500 or more. Prior to entering into a subcontract of \$2,500 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. All subcontracts must comply with the requirements detailed in CMB Chapter 8.

### **Updating Subcontracts Budget Detail Worksheet**

The Subcontracts Budget Detail Worksheet must be updated when the total in the Subcontracts Line Item increases or decreases due to a contract amendment. The Subcontracts Budget Detail Worksheet must be updated when a subcontract increases or decreases due to an extension, a cancellation, or a new subcontract is entered into by the local agency. The Funding Worksheet and Subcontract budget detail attachment(s) must be updated and submitted with any other affected budget worksheets. Any changes to the Subcontracts Budget Detail Worksheet must also be submitted with the appropriate Request for Authorization to Subcontract package. See CMB Chapter 8.

- **To add new information:** enter the new information into the next row number in sequence at the bottom of the appropriate FFY budget document. Do not reuse a row number. Update all appropriate columns. Bold and underline all new information.
- **To delete information:** do not delete the information; add a strikethrough to the information. Update all appropriate columns.
- **To change information:** do not delete the outdated information; add a strikethrough to the information. Add the new information to the existing line or cell of the worksheet, and bold and underline all new information.

## 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 the maximum indirect cost rate percentage.

- Private Nonprofit Agencies: Indirect costs may include general administrative costs, such as: a WIC 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 Agencies: 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 and Indirect Cost Rate Percentage Documentation

All budgeted costs shall be supported by a cost allocation plan. WIC local agency parent organizations must develop a cost allocation plan to determine the indirect cost rate (ICR) percentage 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.

### Budget Detail

**No budget detail is required for this Line Item.**