Council Budget

Understanding the Budget Process

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Explanation of Terms

Expenditure – an item that is bought and paid for

- **Calendar Year**: Jan 1 – Dec 31
- **Federal Fiscal Year (FFY)**: Oct 1 – Sept 30
- **State Fiscal Year (SFY)**: July 1 – June 30
What is a Budget?

An itemized summary of estimated or intended expenditures for a given period along with proposals for financing them.
The Purpose of the Budget Process

- To create a budget is to create a spending plan for a specific period of time.

- The budget is a formal statement of the goals of an organization in financial terms (numbers).
The Council Budget

- Reflects the Councils 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

- Every federal fiscal year, the Council receives an allotment from the federal agency: Department of Health and Human Services, Administration on Community Living

- Our allotment is based on:
  - the population of our state
  - the extent of need for services for individuals with developmental disabilities
  - the financial need of the state
Federal Allotment, continued

- Councils are given a total of three years to expend one grant award:
  
  - We have two years to **obligate** the federal funds. This means making a legal ‘promise’ to pay money set aside for a specific activity/project. Work must be completed within the two years.
  
  - We have one additional year to **liquidate** funds. This means spending money that was obligated. No work is to be done this additional year.
States were given one year extensions for the 2020 Grant and 2021 Grant to complete the work.
The 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. This includes the DSA reimbursement percentage of 5% of the annual award.

- Administrative costs are expenses that happen in directing / managing the Council (for example, utilities, rent, accounting).
Council Member role in the budget process

- Approve annual budget
- Monitor the Councils financial status on a regular basis (ex. Quarterly)
- Council approves the budget
- Committees approves projects (the work)
Questions during budget development

- What activities or programs will the Council do?
- Are these 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?
Questions during financial reporting

- 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?
- Do we have un-obligated funds for the current year?
- Do we have funds from prior years that must be liquidated?
- What is the Council planning for these funds?
Who prepares the budget?

- DDCO Staff will prepare the budget for Council approval.

- DDCO Staff ensures the proposed Council budget meets 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.
Monitoring the Council Budget

- Council members should receive a financial report on a regular basis (example: each Council meeting)

- The purpose of the financial report is so 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 (DHS) will ensure expenditures are in concert with the budget and meet State and Federal rules for allowable costs.
Final thoughts

Councils who operate as their own or with a Designated State Agency (DSA) must follow all State laws, policies and procedures.

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.

~ Thomas-Alexandre Dumas