

A decorative graphic on the left side of the slide, featuring several thin, curved lines in shades of grey and green, resembling grass or reeds. A solid red arrow points to the right, overlapping the bottom of these lines.

Budgeting Basics

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LIHEAP Regulations

- **Administrative Cost are defined by the grantee** - Each State has their own definition of administrative costs.
- Federal LIHEAP funds used for administration are limited to 10% of funds payable to the grantee, exceptions are for tribes and insular area (territorial) grantees may be greater than 10%.
 1. If a tribe receives an allotment of \$20,000 or less, the cap for administrative funds is 20% of the allotment or up to \$4,000.
 2. For tribes that have allotments greater than \$20,000, the maximum administrative cost is \$4,000, plus 10% of the total allotment minus \$20,000.
- **Leveraging Incentive funds cannot be used for administration, but can be used to determine the 10% Admin CAP.**



Leveraging Incentive Program

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- Under the leveraging incentive program, beginning in FY 1992, HHS may allocate supplementary LIHEAP funds--leveraging incentive funds--to grantees that have acquired non-Federal leveraged resources and use these non- Federal resources to expand the effect of Federal LIHEAP dollars.



Leveraging Incentive Program

- ▶ All LIHEAP grantees--States (including the District of Columbia), Indian tribes, tribal organizations, and territories--may participate in the leveraging incentive program. Grantees are not required to participate in the leveraging program. We encourage grantees to leverage additional resources to supplement their Federal LIHEAP funds, whether or not they choose to request leveraging incentive funds. Final Rule May 1, 1995 CFR 96 (Section 96.87)
- ▶ National Community Action Foundation stated: "A program that leverages LIHEAP or WAP resources is worthwhile in its own right, regardless of whether it qualifies for the incentive funds."



What counts as Leveraging

- ▶ A resource or activity that does not result in a home energy benefit to a LIHEAP eligible household cannot be counted as a leveraged resource under LIHEAP.
- ▶ There are three categories of leveraged resources and benefits that can be countable provided they meet all other applicable provisions:
 - ▶ cash,
 - ▶ home energy discounts and waivers
 - ▶ third-party in-kind contributions



CASH

- Cash from a non-federal source such as state, tribal,
- Private sources such as utility-sponsored fuel funds.
- Certain oil overcharge funds distributed to the states by DOE may also be countable if used toward a LIHEAP eligible household.
- State resources for LIHEAP. Some States allocate funds for LIHEAP which is countable except for administrative activities.
- Fuel funds, utilities funds, community donations, charitable or church groups donations.
- More information about fuel funds is available from the [National Fuel Funds Network website](#).



Discounts and Waivers

- Discounts or reductions in utility or bulk fuel prices or partial or full waivers of certain utility and energy fees.
- Utilities - As a result of restructuring, ratepayers in 22 states pay a non-by passable charge on their electric and/or natural gas bills that funds certain public purposes such as low-income bill assistance and energy efficiency.
- A number of other states do not have formal public benefits programs, but do fund low-income energy programs through their rates.
- Price break for oil purchases for LIHEAP recipients.
 - Discounted price break for LIHEAP recipients
 - Waivers of fuel delivery charges for emergencies



In-Kind Contributions

- Donations to LIHEAP including:
 - Fuel
 - Materials
 - Supplies and labor,
- **WHAT CANNOT BE COUNTED**
 - Budget counseling and energy conservation activities
 - Funds used as matching or cost sharing for any federal program.
 - All services involving delivery and transportation, that is, delivery of fuel, weatherization materials, and other items, along with purchase, rental, donation and loan of supplies and equipment used to deliver these things and used to install weatherization materials. Section 96.87



LIHEAP components that are Capped

- Admin 10% - max
- Weatherization - up to 15%
- Assurance 16 - up to 5%
- Carryover – max of 10% of the total Grant Award for the following fiscal year. Exception is you do not count the previous carryover toward the future carryover.
- Grantees have flexibility of determining how their Grant Award will be allocated, but must not exceed these CAPs.
- Weatherization being one exception can exceed the 15% with written authorization and is stated in your state plan that you will be planning on 25%.
- Step one allocation...

LIHEAP Award Allocation Example

<u>25</u>	% heating assistance
<u>32</u>	% cooling assistance
<u>5</u>	% emergency crisis
<u>15</u>	% weatherization assistance
<u>10</u>	% carryover to the following fiscal year
<u>10</u>	% administrative and planning costs (exceptions)
<u>3</u>	% services to reduce home energy needs including needs assessment (assurance 16)
<u> </u>	% develop and implement leveraging activities (limited to the greater of 0.08% or \$35,000 for States, the greater of 2% or \$100 for territories, tribes and tribal organizations).
<u>100</u>	Total (should equal 100%)

Next step setting up your LIHEAP budget:



Designing the Administrative Budget

- ▶ Admin and operations (Grantee and Sub-grantees)
 - ▶ Staff/Personnel
 - ▶ Supplies/travel/Capital
 - ▶ Indirect

Program:

Obligations

Expenditures

Example Admin. Budget

Salaries and Benefits		
Salaries		740,000
Payroll taxes		54,000
Medical and life insurance		185,500
Retirement		51,520
Total personnel expenses		1,031,020
Other Operating Expenses		
Office Supplies		9,500
Printing		5,000
Dues & Subscriptions		3,975
Educ./Train./Conf./Meetings		35,500
Business Travel		24,500
Professional Fees		0
Total other expenses		78,475
INDIRECT	40,000	
Total Expenses		1,149,495



Budget includes:

Salaries - Could include vacant positions to be filled

Office Supplies – General Cost

Printing – General Cost

DUES and Subscriptions

- NEADA annual Dues

- NASCSP Annual Dues

- Various Subscriptions and periodicals

- Membership(s)



Budget includes: Continued

Educ./Train/Conf./Meetings

College Tuition Reimbursement
Staff Professional Development Computer training Etc.
NEADA/NELIC/ etc.

Business Travel

Cost for monitoring sub-grantees etc.

Professional Fees

Individual Consultants
License(s)

Capital Budget Request

Computer Hardware
Computer Software
Office Equipment

Each state has their own process you need to coordinate with your Fiscal Dept.
(HHS will now go over Obligations and Expenditures).



Defining Obligations vs Expenditures

- ▶ Grantees must use the same rules on obligations and expenditures for the federal LIHEAP funds as they use for their own state/tribal/territory funds (45 CFR 96.30(a))
 - ▶ LIHEAP is a block grant. Federal parameters are set in some areas, but not all. Most of the federal rules need to be supplemented by grantee laws and policies.
 - ▶ Obligations are legal commitments for a specific purpose and amount.
 - ▶ Expenditures are the payments of the previous legal commitments.



Obligations

- Obligations are **executed** within the federal fiscal year corresponding to the federal grant award (Oct 1 to Sept 30)
- 90% of each annual federal LIHEAP grant **must** be obligated by the grantee within the same federal fiscal year that the grant is received
- The remaining 10% of the funds must be obligated within the next federal fiscal year (known as “carryover”)
- If funding for an obligation does not get fully expended, the grantee must first reconcile if the original obligation period is still open to determine if the funds may still be recommitted.
- Examples of obligations:
 - Approval of a household benefit for a specific amount
 - Payment for fuel discounts with vendors
 - Signed contracts with local agencies
 - Purchases orders or requisitions for a check to be paid by LIHEAP



Expenditures

- Expenditures are generally the payments made on obligations, such as the benefit payments to vendors on behalf of households, payment for office supplies, payments to employees for salaries, reimbursements to local agencies for incurred costs, etc.
- The Cash Management Improvement Act limits how much federal funding grantees can draw down from the Payment Management System—only the reasonable amount needed to cover short-term expenses, generally three days
- The federal LIHEAP funds will remain accessible in the Payment Management System for five federal fiscal years after the year of award to pay out expenditures (not to make obligations)
- Tracking your budgets and actual obligations and expenditures is required by federal law to permit tracing of the funds to expenditure (45 CFR 96.30(a))
 - Track each budget line item separately according to earmarking rules, e.g., carryover, program obligations, administrative obligations, assurance 16 obligations, weatherization obligations, etc.



Carryover versus Reallotment Funds

- Carryover Funds cannot exceed 10% of the annual federal LIHEAP grant
- Do not include previous year's carryover in 10% cap for the next year
- Any unobligated funds over 10% is deemed “reallotment” and must be returned to HHS/ACF (or not drawn down in the Payment Management System)
- When obligating federal funds, the general rule of thumb is first in, first out—make sure the carryover funds are obligated within the next federal fiscal year or they also become reallotment
- Carryover and reallotment Report are due August 1st each year
 - Usually an estimated report!
 - Ongoing duty to submit revised reports if data changes




Coordinate and track with Fiscal

- ▶ Tracking obligations and expenditures helps better manage your program.
- ▶ Managing obligations will allow you flexibility if you need to make changes prior to the end of the contract period.
- ▶ Tracking obligations and expenditures will help manage the performance of the local agencies and other contractual services.
- ▶ Tracking expenditures on a monthly basis will help monitoring the cash flow, program activities and prepare for carryover or new obligations.
- ▶ Track - “draw downs” by Federal Fiscal year as defined by the Cash Management Improvement Act



Cash Management Improvement Act

- ▶ *States shall request funds based on the actual expenditures which occurred in the past period.*
- ▶ *The request shall be made in accordance with the appropriate Federal Agency cut off time specified.*
- ▶ *Draw downs can be weekly, biweekly, monthly, etc.*
- ▶ www.fiscal.treasury.gov/fsservices/gov/rvnColl/cmias/rvnColl_cmia.htm
- ▶ ***BE SURE to track your drawdowns by FFY - keeping in mind first in first out.***



Tracking Financial Activities of Sub-grantees

- Grantees are responsible for the oversight of the Sub-grantees.
- Grantees are responsible for tracking Admin costs and program expenditures (Benefits to Applicants).
- Each state defines the percentage of admin and program funding to sub-grantees.
- Tracking and documentation of these activities are necessary.

20__/20__ Initial LIHEAP Admn. Subgrantee Obligations

Grant est. \$25.5 Million, based on estimated National Appropriation of \$1.9 Billion funding.
July 30, 2016

CAP	2015 Apps. Households Served #	HEAP F/A Admn Total: \$1,652,550 Based on 07/08 Paid Apps.		F/A Other Benefits Total: \$280,000 Based on 07/08 Paid Apps.		Total LIHEAP Admn \$
		Admn. %	\$	Admn. %	\$	
A	6,794	10.61%	175,334	10.61%	29,708	205,042
B	2,846	4.63%	76,594	4.63%	12,978	89,572
C	9,369	14.64%	242,013	14.64%	41,006	283,019
D	10,605	16.93%	279,840	16.93%	47,415	327,255
E	10,118	15.47%	255,592	15.47%	43,306	298,898
F	1,990	3.06%	50,515	3.06%	8,559	59,074
G	4,728	7.57%	125,142	7.57%	21,203	146,345
H	2,872	4.55%	75,112	4.55%	12,727	87,839
I	6,000	9.80%	161,944	9.80%	27,439	189,383
J	2,382	3.90%	64,470	3.90%	10,924	75,394
K	5,415	8.83%	145,995	8.83%	24,737	170,732
	63,119	100.00%	1,652,551	100.00%	280,002	1,932,553 1,932,553

Tracking Grantee Budget

Administrative Expenditures FY_ LIHEAP Grant

YTD Actual Expenses:
Oct 1 Sept 30

Date:

F/A Admn. Expenses	Oct	Nov	Dec	Jan '09	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Close-Out	YTD Total
Salaries and Benefits														
Salaries & Accrued Vacation	23,601.54	21,730.43	25,383.19	24,991.92	19,953.36	21,807.37	24,004.95	25,919.95	23,428.58	33,838.22	16,690.84	23,371.14		284,721.49
Payroll Taxes	1,747.14	1,609.57	1,913.11	1,868.15	1,478.04	1,614.51	1,778.14	1,917.45	1,732.55	2,336.23	1,109.68	1,573.96		20,678.53
Medical and Life Insurance	5,378.54	4,952.32	5,012.24	5,482.62	4,677.74	5,101.18	5,607.33	6,161.83	5,604.41	5,121.57	3,819.62	5,286.46		62,205.86
Retirement - 410a & 457 Plans	2,435.69	1,402.25	1,437.64	1,490.04	1,300.44	1,426.36	2,494.13	1,748.12	1,553.53	1,446.28	1,071.48	810.90		18,616.86
Subtotal Salaries & Benefits	33,162.91	29,694.57	33,746.18	33,832.73	27,409.58	29,949.42	33,884.55	35,747.35	32,319.07	42,742.30	22,691.62	31,042.46	0.00	386,222.74
Other Operating Expenses			96,603.66						101,950.97					
Office Supplies	537.34	509.53	314.19	0.00	438.00	627.68	220.60	0.00	181.07	428.47	298.48	149.27		3,704.63
Printing & Advertising	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
Dues & Subscriptions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,100.00	0.00	0.00	0.00	0.00		3,100.00
Educ/Train/Conf/Meetings	0.00	225.37	0.00	1,589.50	1,780.37	843.70	0.00	215.53	0.00	202.46	0.00	1,225.23		6,082.16
Business Travel & Entertainment	357.93	1,374.11	1,359.81	409.70	593.97	46.20	52.56	196.35	614.40	609.75	0.00	1,516.97		7,131.75
Professional Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
Subtotal Other Operating Exp.	895.27	2,109.01	1,674.00	1,999.20	2,812.34	1,517.58	273.16	3,511.88	795.47	1,240.68	298.48	2,891.47	0.00	20,018.54
Allocated Expenses	6,751.33	12,813.48	4,913.50	5,627.26	5,139.89	8,579.62	7,942.18	8,267.99	8,948.51	9,356.80	7,027.10	9,031.78		94,399.44
Total Operating Expenses	40,809.51	44,617.06	40,333.68	41,459.19	35,361.81	40,046.62	42,099.89	47,527.22	42,063.05	53,339.78	30,017.20	42,965.71	0.00	500,640.72
Grant Expense	6,152.63	7,479.19	7,310.72	9,128.75	5,484.18	38,782.13	6,426.77	5,419.44	13,801.51	16,183.18	30,206.65	33,852.24		180,227.39
DB Development Technology & Supp	0.00	4,680.00	892.50	33,375.86	297.50	3,471.00	2,082.50	7,607.50	3,050.00	964.50	0.00	2,720.00		59,141.36
DB Development	0.00	0.00	0.00	0.00	0.00	0.00	103,306.25	0.00	106,648.75	0.00	0.00	137,815.00		347,770.00
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00
Total F/A Admn. Expenses	46,962.14	56,776.25	48,536.90	83,963.80	41,143.49	82,299.75	153,915.41	60,554.16	165,563.31	70,487.46	60,223.85	217,352.95	0.00	1,087,779.47



Revenue Resources for Grantees Budget

- ***LIHEAP Block Award(s)***
- ***Emergency Contingency Funds***
- ***Reallotted Funds***
- ***Previous FFY Unobligated***
- **Petroleum**
- ***Leveraging***
- Utilities funds
- State or other funds
- **Benefit Returns**

Summary

- ▶ The State defines their Administration, Program, Obligations and Expenditures.
- ▶ Track program and administrative cost separately.
- ▶ If you maxed out your administrative cost for the prior year you can not carryover admin, only programmatic funds forward.
- ▶ Admin that is carried forward can only equal what your admin is capped at for the fiscal year of 10%. (including the amount transferred to the sub-grantees).
- ▶ Remember you cannot exceed the allowable CAP in the LIHEAP Program.
- ▶ CAPs under the LIHEAP Rules are:
 - ▶ Admin.
 - ▶ Weatherization
 - ▶ Assurance 16
 - ▶ Carryover
- ▶ **Remember you are monitored/audited by what you write in your State Plan and Manuals.**

Questions?

If you have questions or need more information, please contact NEADA and we will make sure your question is referred to the correct person and answered promptly.

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