Budget Framework – General Template

The following budget framework is a template that can be customized each year to fit each LWIA’s circumstances.

Typically, the budgeting process should begin at least three months before a new program year to ensure that the budget (1) reflects Local Workforce Innovation Board (LWIB) priorities, (2) is informed by workforce fiscal and program staff, and (3) is approved by the LWIB in June each year.

The checkboxes in the following framework do not represent sequential order. Rather, they represent a list of action steps to complete within each time period. Adjustments to the process and timing may occur at the onset of the budget development process each spring.

| **Budget Development** |
| --- |
| **Timeframe** | **Primary Activity** |
| Early March  | 1. **The Director and (appropriate personnel) set a WIOA budget development process, timeline, roles**
	* Set target dates for workforce board input and approval
	* Set target dates for team meetings to review draft budgets
	* Set target dates for team meetings to review final budgets that will be submitted to the workforce board
	* Confirm who has authority to make specific decisions
	* Communicate the process to staff
 |
| March  | 1. **The Fiscal Manager summarizes the LWIA’s current financial status**
	* Review WIOA budget-to-actual revenues and expenditures for the current program year and carry forward of previous year
	* Review assumptions for the current program year
	* Forecast revenues and expenditures to the end of the current program year
	* Identify any unknowns
	* Update program staff on the current financial status; invite staff to bring ideas to the next team meeting
 |
| March  | 1. **LWIB staff seek Board input**
	* Recap LWIA’s current financial status
	* Assess local workforce area needs
	* Articulate WIOA priorities for the upcoming program year initiatives
	* Affirm the board’s role in budget approval and modification processes
 |
| March | 1. **(Appropriate Administrator) and Fiscal Manager request from program staff information to support budget development**
	* For the carry-in budget:
		1. Seek program managers’ projections of unspent funds by program and subrecipient contract
		2. Seek program managers’ preliminary plans for addressing those unspent funds
		3. Estimated timing of obligations being realized as expenses
	* For the new program year budget:
		1. Seek program managers’ preliminary estimates of spending plans by program and subrecipient contract
		2. Seek program managers’ preliminary opportunities for new subrecipients or funding streams
		3. Seek program managers’ estimated timing of obligations being realized as expenses
			1. Confirm whether projected obligations are limited to the upcoming grant period or whether the obligations will span two grant periods (e.g., four-year tuition)
 |
| April  | 1. **(Appropriate administrator) directs the Fiscal Manager in drafting WIOA budget documents in preparation for a team meeting**
	* Draft a carry-in budget:
		1. Draft revenue scenarios for carry-over funds
		2. Identify additional questions for team discussion about a spending plan for carry-over funds and timeline
	* Draft a WIOA budget for the upcoming program year funds:
		1. Project Title IB formula funds for the upcoming year
		2. Project revenues for all other programs
		3. Document and project known expenses based on historical trends
		4. Summarize DCEO benchmarks by quarter
		5. Identify additional questions for team discussion about potential new funding and a spending plan for new program year funds
	* Prepare alternative income scenarios for the upcoming year budget based on known variables in major line items. For example:
		1. Income Scenario 1: Estimate income at 100% of current WIOA formula allocation as a baseline
		2. Income Scenario 2: Estimate income at 125% of current WIOA formula allocation as a variable
		3. Income Scenario 3: Estimate income at 75% of current WIOA formula allocation as a variable
	* Prepare alternative expense scenarios for the upcoming program year budget based on known variables in major line items. For example:
		1. Expense Scenario 1: Estimate expenditures at 100% budgeted as a baseline
		2. Expense Scenario 2: Estimate expenditures at 75% budgeted as if a subrecipient did not fully expend its contract amount
		3. Expense Scenario 3: Estimate expenditures at 50% budgeted
	* Adjust income and expense variables to analyze the combined impact on the “New PY Summaries” tab of the scenario budget template.
	* Fiscal Manager provides the draft budget to the (appropriate administrator), who distributes the draft budget and discussion questions to the program managers in advance of a team meeting so that managers come to the meeting prepared to discuss alternative scenarios
 |
| May  | 1. **(Appropriate administrator) convenes a fiscal/program team meeting to review draft WIOA budgets**
	* Recap LWIB priorities
	* Recap current financial status
	* Refine all assumptions
	* Seek input on the carry-in budget
	* Seek input on the new program year budget and alternative scenarios—draft the programmatic and organizational implications of each scenario
	* Identify any gaps in proposed program priorities and staffing capacities needed in the most likely scenarios
	* Brainstorm ways to address any projected shortfalls in spending or revenues in the most likely scenarios and back-up plans under the alternative scenarios
	* Agree on adjustments needed to both budget drafts
	* Identify any significant shortfalls that need to be elevated to the Director
 |
| May  | 1. **Fiscal Manager revises the carry-in budget and the new WIOA program year budget**
	* Fiscal Manager incorporates agreed-upon changes into the revised carry-in budget and new program-year budget
	* (Appropriate administrator) reviews and convenes a team meeting, if needed, to revise the budget and assumptions
 |
| May  | 1. **(Appropriate administrator) and Fiscal Manager propose the draft WIOA budget to the Director**
	* Director reviews and confirms presentation of the budget to any committees as needed or any revisions as needed
 |
| June  | 1. **LWIB Staff presents the WIOA budget to the LWIB for approval**
	* (Appropriate administrator) guides the Fiscal Manager in any revisions that are necessary to the budgets based on board feedback
 |
| June  | 1. **Upon approval, Fiscal Manager combines the budgets into a program-wide budget**
	* Document all assumptions, including:
		1. Articulate estimated carry-in spending plan and timing
		2. Articulate any adjustments to staffing plans
		3. Articulate minimum expectations about subrecipient contract spending plans
	* Refine tracking tools to track budget-to-actual
 |
| June | 1. **If the LWIA is based within a county government unit, the County Board authorizes the workforce division to accept WIOA Title IB funding, enter subrecipient agreements to eligible service providers, and approve personnel decisions for the program year.**
 |
| July  | 1. **(Appropriate administrator) leads implementation**
	* Assign and clarify oversight responsibilities to program managers
	* Request or review existing spending plans from each subrecipient to project the timing of when expenditures will be incurred (e.g., if expenditures are typically incurred in August for fall tuition and May for spring tuition, resulting in a cycle of when obligations translate to actual expenditures)
	* Oversee the monthly and quarterly tracking of budget-to-actual reporting to staff
	* Monitor and respond to changes as needed
 |

| **Budget Maintenance**  |
| --- |
| **Timeframe** | **Primary Activity** |
| Month 1 | 1. **Team focus on fully spending carry-in funds as soon as possible**
	* Share the budget-to-actual with the Program Managers and appropriate staff
		1. For the carry-in budget
		2. For the new program-year budget
	* Program Managers send budget-to-actual summary customized to each subrecipient
	* Program Managers send subrecipients’ completed budget-to-actual to the Fiscal Manager
	* The Fiscal Manager reconciles the budget-to-actual for all subrecipient contracts in the carry-in budget and in the program year budget (on the program-wide budget spreadsheet)
	* Fiscal Manager report to GRS by the 20th of each month
 |
| **End of first quarter**  | 1. **Team focus on fully spending carry-in funds as soon as possible and tracking progress in the new program year toward meeting 50% of each DCEO benchmark by December 31**
	* Fiscal Manager review first quarter actual expenditures
	* Fiscal Manager review second quarter obligations
	* Fiscal Manager document any subrecipient or funding stream that is not at least one quarter of each benchmark
	* Fiscal Manager share findings with appropriate administrators and managers
	* Implement Step 1 of subrecipient tracking:
		1. Fiscal and program managers follow up on planned expenditures and the timing of when obligations translate to actual expenditures
		2. Fiscal and program managers follow up on budgeted-to-actual personnel costs that count toward DCEO benchmarks
		3. Fiscal and program managers document and dialogue about planned expenditures that are not being realized
		4. Determine the timing of when to communicate concerns to subrecipients or to the Director
	* Fiscal Manager report to GRS by the 20th of each month
 |
| **End of second quarter**  | 1. **Team focus on meeting the current program year DCEO benchmarks, meeting 50% of each benchmark by December 31**
	* Fiscal Manager review second quarter actual expenditures
	* Fiscal Manager review third quarter obligations
	* Fiscal Manager document any subrecipient contract expenditures or funding stream that is not on track to meet at least half of each DCEO benchmark
	* Fiscal Manager share findings with the management team, including managers and appropriate staff
	* Implement Step 2 of subrecipient tracking (development of accurate tracking and reporting mechanism for subrecipients are critical for this step):
		1. Program Managers continue to require a monthly update from subrecipients on their spending plans and noting any likelihood of not expending the full contract amount in the third and fourth quarters of the program year
		2. If monthly tracking of subrecipient expenditures indicates subrecipients are not on track to fully expending their contract amounts, initiate dialogue with the (appropriate administrator) and Fiscal Manager about the need to consider reallocating funds. See #21-22 of this framework.
	* Fiscal Manager report to GRS by the 20th of each month
 |
| **End of third quarter**  | 1. **Focus on spending current program year funds, tracking progress toward DCEO benchmarks and getting accurate estimates for future carry-in budget amounts**
	* (Appropriate administrator) and Fiscal Manager ensure carry-in funds are fully expended
	* See Budget Development #4 above for Fiscal Manager to seek program managers’ projections of:
		1. Unspent funds by program and subrecipient
		2. Preliminary plans for addressing unspent funds
	* Fiscal Manager work with program managers to verify when obligations are expected to become actual expenditures
		1. If obligations are projected to become actual expenses by 6/30 of the current program year, then ensure those same obligations do not appear in the next program year’s budget
		2. If obligations are not projected to become actual expenditures by 6/30 of the current program year, then classify those obligations separately to confirm that those obligations will be carried forward and planned expenditures in the carry-in budget
	* Fiscal Manager report to GRS by the 20th of each month
 |
| **End of fourth quarter**  | 1. **Team focus on spending down the current program year budget and reduce the amount of funds that will be carried forward**
	* Complete the budget development process
	* Conduct grant close-out procedures at the end of year 2 of the grant period
 |

| **Budget Modifications / Deobligations**  |
| --- |
| **Timeframe** | **Primary Activity** |
| **In general**  | 1. **Quarterly, the (appropriate administrator) analyzes the following with input from the Fiscal Manager and communicates any issues for consideration, including but not limited to the following:**
	* Subrecipients are not on track to expending at least 25% of their first-year contract amounts
	* Subrecipients are not meeting service delivery standards
	* Subrecipients require technical assistance in meeting budget, meeting service delivery standards or adjusting to new circumstances
	* WIOA formula funds have come in under or over budget and impact spending plans and staffing plans
2. **If any budget-to-actual analyses indicate adjustments are needed to the budget or staffing plan or if new circumstance arise:**
	* (Appropriate administrator) convenes a program/fiscal managers’ meeting to:
		1. Identify subrecipients or funding streams that are not on track
		2. Identify alternative scenarios to run to consider implications of funding shifts on staffing capacities
		3. Consider whether any scenario would require LWIB approval, local procedures, or other steps needed to implement a proposed change
		4. Articulate a rationale and identify next steps to either provide technical assistance or to reallocate funds
	* The (appropriate administrator) works with the Fiscal Manager to run alternative scenarios in a Scenario Budget, refining the budget implications and the rationale for each proposed change
		1. If the proposed changes are within the budget/spending plan, then the (appropriate administrator) directs and oversees implementation of the changes
		2. If the proposed changes are un-budgeted, then the (appropriate administrator) determines which/whether changes need to be routed for approval by the LWIB and which/whether changes need to be routed through a different entity (e.g., county board)
	* Once the appropriate approval is obtained, the (appropriate administrator) directs and oversees the implementation of any program, staffing or budget changes
 |
| **End of second quarter (December)** | 1. **Team focus on mid-year benchmarks and appropriate responses if any obligated amounts need to be de-obligated to stay on track to DCEO benchmarks by 12/31—if yes:**
	* The (appropriate administrator) and Fiscal Manager present the proposed de-obligation and reallocation and rationale to the Director for feedback and approval
	* The Director and the LWIB staff update the LWIB about the de-obligation and seek the LWIB’s input on a strategic reallocation of funds
		1. If an RFP process is needed, the (appropriate administrator) convenes program managers around a draft RFP, process, timeline and spending plan for program funds that would be spent down as carry-in funds next program year
		2. The (appropriate administrator) oversees the RFP issuance, evaluation and selection process
	* If the LWIA is based within a county government, the Director determines which/whether changes need to be routed for approval by the local Workforce Board and which/whether changes need to be routed through the County Board
 |
| **End of third quarter (March)** | 1. **Team focus on third-quarter benchmarks and appropriate responses if any obligated amounts need to be de-obligated—if yes:**
	* The (appropriate administrator) convenes a managers’ meeting to consider implications of funding shifts on existing staffing capacities or need for additional staffing capacities
	* Execute any new contracts available to obligate funds according to each subrecipient’s spending plan
	* Follow the budget development process by collecting actual data and estimated expenses by funding stream and comparing them to budget-to-actual
 |
| **End of fourth quarter (June)** | 1. **Team focus on year-end benchmarks and appropriate responses to carry forward any unobligated funds according to a carry-in budget**
	* The (appropriate administrator) convenes a managers’ meeting to consider implications of funding shifts on existing staffing capacities or need for additional staffing capacities
	* Follow the budget development process by adjusting the carry-in budget and the next program year budget
 |