

## Revising Budgets

To ensure timely review:

- Submit requests via e-mail to your assigned CDSS Program Analyst.
- Include information detailed in this document, including a revision date on all documents.

A teleconference may need to be scheduled to clarify information regarding the request prior to approval. USDA review may also be required for certain changes.

## Types of line item shifts

- **Budget Adjustment Request (BAR)**, moving money from one line item to another line item in the prime budget.
- **Intra-Line Adjustment Request (ILAR)**, moving money within your subcontractor line. This may include moving funds between subcontractors, adding subcontractors, or dropping subcontractors.

## BAR

Line item shifts of up to 15% of the annual agreement total or a maximum of \$100,000 annually, whichever is less, are allowed, so long as the annual agreement total neither increases nor decreases.

A BAR must be approved by the California Department of Social Services (CDSS).

## Submitting a BAR

- Consult with your Program Analyst prior to submitting your BAR form.
- Include a narrative letter requesting approval and explaining the changes to each line item that is being impacted.
- Ensure that:
  - the total contract amount of your budget does not increase or decrease.
  - the change is programmatically justified and does not extensively alter the Scope of Work (SOW).
  - line items on your BAR correspond to the line items on your approved budget.

Submit your request as soon as possible so that reimbursement can be issued promptly. Requests that do not include all of the required information will not be processed.

### BARs at the Subcontractor Level

As a “best practice,” prime contractors are highly encouraged to utilize the BAR process with their subcontractors. Subcontractor BARs can be reviewed and approved at the prime contractor level and do not need to be forwarded for state approval, but should be kept on file for review purposes.

### ILAR

The following changes to a subcontractor line require CDSS and/or USDA approval. Each section includes a list of the documentation that must be submitted with each type of request. All budget requests must be approved before subcontractor costs can be reimbursed.

### Moving Funds between Subcontractors

- ILAR form
- Narrative providing a justification for each proposed change
- Budget Justification and Budget Cover Sheet
- Signed Memorandum of Understanding (MOU) addendums showing the new State Share and Federal Share budget commitments for each subcontractor impacted
  - Submit once Program Analyst has approved the ILAR request and prior to invoicing

### Adding Subcontractors

- Budget Justification and Budget Cover Sheet
- SOW
- Listing of State Share sources for all funding sources that comprise the applicant agency’s State Share contribution
- Indirect Cost Certification form
- Disclosure of Lobbying Activities form for any applicant agency or subcontracting agency with a proposed Federal Share budget that will equal or exceed \$100,000
- Copy of an IRS determination letter proving eligibility to claim nonprofit and/or 501 (c) (3) tax exempt status
- Signed MOU (due by first invoice)
- Narrative description of the subcontractor’s capabilities, including:

#### How to Show Changes in a Budget Justification

**Additions:** Bold, underline, red font

Examples: Adding a new operating expense that was not in the approved budget, adding a new position that was not in the approved budget

**Removals:** Strikethrough, red font

Examples: Completely eliminating a position for which no expenditures will be billed; completely eliminating an other cost item and expense that will no longer be purchased

**Changes:** Bold, red font

Examples: Changing airfare in the travel line from the original amount to a new amount; changing an existing salary or FTE; changing the indirect rate

- The subcontractor’s current and past experience conducting outreach for the CalFresh Outreach program
- Status of the subcontractor’s relationship with their county welfare department, including a letter of introduction from the new subcontractor to CalFresh administrators in the county or counties in which they will be working
- A brief description of the prime contractor’s communication to date to orient potential subcontractor to the fiscal and program guidelines of the CalFresh Outreach program

### Dropping Subcontractors

- Exit letter from the subcontractor to the prime contractor (or from the prime contractor to the subcontractor) that clearly states the effective date of termination or cancellation and any final performance and/or payment invoicing instructions/requirements.
- Explanation for why the subcontractor is dropping out of the contract, including any actions taken by the prime contractor (e.g., technical assistance) to sustain the subcontractor’s participation.

### Budget Modifications that Require USDA Approval

The following modifications to budgets require USDA approval and apply to both prime contracts and subcontracts.

- Requests for equipment totaling over \$5,000 in fair market value that was not approved in the original contract.
- Revision in SOW that would impact the overall quality of program delivery, audiences reached, settings, or outcomes.
- Requests for theft sensitive items, such as computers, cameras, etc., regardless of cost that were not approved in the original contract.
- Requests for out-of-state travel or attendance at conferences that were not approved in the original contract.

Send a request to your CDSS Program Analyst to make any of the above changes to a prime or subcontractor budget. CDSS will contact USDA for their review and approval.