**2500.0 Policy and Responsibility**

A. It is the policy of the Division of Family and Children Services that County Departments develop annual budgets to assure adequate support for the county operations and to manage this budget so that the expenditures for the year are not more than the revenues received from the appropriated budget.

B. Based on the funds allocated to each region, it is the responsibility of the Regional Director, the County Directors, and the Fiscal Operations Manager to ensure that the annual budgets are prepared along with all required supporting schedules. The County Board and the State Office must review and approve the annual budgets prior to incurring any expense against such budgets.

C. It is the responsibility of the Regional Director, the County Directors, and the Fiscal Operations Manager to ensure that the budget is maintained within the limits provided and the funding by programmatic area.

**2501.0 Annual Budget Process**

The following provides an overview of the annual budget process from development, through proposal, appropriation, and implementation. For illustration purposes, we will use FY09 as the current budget year and FY10 as next year, and FY11 as the future year.

| Month | Activity |
|---|---|
| April 2009 | FY10 appropriations budget is signed by the Governor. Planning begins for the 2011 budget year (FY11). |
| April & May 2009 | FY10 Regional appropriation process begins. County Directors will be asked for input into FY11 budget planning. A plan will be created and discussed at DFCS Management Team. |
| June 2009 | Current Fiscal Year (FY09) ends. |
| July 2009 | FY10 budget is implemented. |
| August 2009 | FY11 budget proposal is presented to DHR Board. |
| September 2009 | FY11 budget proposal is submitted to the Governor's office. |
| October, November & December 2009 | Governor's Office consults with the Department to develop the FY11 Governor's proposal. |
| January 2010 | FY11 proposal submitted to legislature. |
| February & March 2010 | Legislative appropriations process takes place for FY10 supplemental budget and FY11 budget. |
| March 2010 | Appropriations are passed for FY10 supplemental budget. |
| April 2010 | FY11 appropriations budget is signed by the Governor.<br>FY11 Regional appropriation process begins.<br>Cycle starts all over again.<br>(We NEVER Finish With The Budget!!!!!) |

**2502.0 Understanding the 3 Views of the Budgets**

There are three different levels to every budget and it is important that you understand what each level is and its importance in the overall development of a DFCS budget.

A. Fund Sources
Funding for the DFCS budgets come from three sources, the percentages will vary from year to year, but for Fiscal Year 2009 they are:
60.5% is Federal Funds
36.1% is State Funds
3.4% is Other outside fund sources

B. Program Sources
It is important to understand the fund sources first since they fund the different programs that are supported in your DFCS budget. Your DFCS budget consist of 13 different programs, they are:
Administration
Adoption Services
After School Care
Childcare
Child Welfare
Eligibility Determination
Energy Assistance
Family Violence
Food Stamp Eligibility
Out of Home Care
Refugee Services
SNF – Basic
SNF – Family
SNF – Work
Attached Agencies

C. Region/County (UAS)
Once you understand where the funds came from and that they are divided into the different programs based on how much funding was received, then you can better understand how they determine how much of each spending category can be loaded into each region.
Personnel Services
Travel
Regular Operating
Fixed Cost
Direct Benefits for Clients

## 2503.0 Development of the Budget

A. Beginning in fiscal year 2008, Field Fiscal Services unit at the state office is responsible for distributing the funds from the approved Appropriated Budget as follows:

1. The state DFCS Budget Services Unit will take the appropriated budget documents and divide the funds according to the program areas that are served, such as Child Welfare, Eligibility, and Administration. The State office Fiscal Services Section will allocate the appropriated Program dollars to the Regions by UAS codes and SCOA. This allows them to know how much is available in each category as they distribute the money into the different spending categories.

2. The state office's unit of Field Fiscal Services will meet with the Regional Accounting office's Fiscal Operations Manager and ask for input as to special circumstances on funding that may impact upcoming budgets that need to be considered when allocating the appropriated budget funds to Fixed Cost, Regular Operating, Travel, and Personnel Services.

3. Funding for fixed cost items such as Rents, Utilities, Janitorial, and Telecommunication expenditures must be allocated first since this is a cost of doing business. These funds will be allocated to the regions based on the next fiscal year's actual Lease Contracts for Rents and from the Prior Fiscal Year's actual expenditures for Utilities, Janitorial and Telecommunication.

4. Secondly, funds will be allocated for Regular Operating Cost based on the Prior Fiscal Year's actual expenditures. If there was a decrease in funding in the next fiscal year's appropriated budget, this decrease will have to be absorbed among all of the spending categories based on the percentage of reduction in funding.

   Example: A 5% reduction in the appropriated budget results in a 5% reduction in all spending categories such as Regular Operating, Travel and Personnel Services for the new fiscal year.

5. Third, funds will be allocated for Travel and Training for Travel based on the Prior Fiscal Year's actual expenditures. If there was a decrease in funding in the next fiscal year's appropriated budget, this decrease will have to be absorbed among all of the spending categories based on the percentage of reduction in funding.

6. Lastly, funds will be allocated for Personnel Services based on statistical data provided by the Regions and State Office.

7. Once the funds have been distributed to each region, it is then the responsibility of the Regional Director and the County Directors to determine how to meet the workload needs for each county.

   Counties often manage budget resources between them by sharing positions. This can create a win/win situation for everyone.

   I need to think about this next section. Since we allocate dollars not sure I want to talk about positions.

   - Counties may create multi-county positions.
   - Counties may donate a whole position to another county.
   - Counties may donate a part of a position to another county in order for that county to create a whole or fill able position.
   - Counties can donate whole or partial positions to the region to create regional positions.

**2504.0 Budget Sources:**

A. **Regular Grant-in-Aid:** all 100 series programs
The 100 series programs are used to support Personnel Services, such as Salaries, Fringe Benefits, and Travel for employees; and Regular Operating Cost including items such as rents, utilities, janitorial, telecommunications, supplies, and equipment purchases.

B. **County Cash Match:** all 200 series programs
The 200 series programs are used similar to the 100% programs, but the main difference is that it is funded from county money and federal money.

C. **Special Grants:** all 300 series programs.
NOTE: Special Grant funds are usually awarded for the Federal Fiscal Year Budget Cycle of October through September. These programs will require special budget consideration.

D. **Local Operations:** all 400 series programs.
Includes all County Government and other Local funding sources. All local funding sources must be budgeted in a 400 series budget before obligating funds.
**NOTE:** This includes the use of Fund Balances in County Departments; Board approval is required to use Fund Balance for current fiscal year needs.

E. **Direct Benefits to Clients:** all 500, 700 and 900 series programs.

F. **RBWO (Room, Board and Watchful Oversight) Direct Benefits to Clients:** 600 series programs.

G. **Cash Match Direct Benefits to Clients:** 800 series programs.

NOTE: All Direct Benefit Series, 500-900 series budgets will be prepared by and loaded into the Uniform Accounting System (UAS) by DFCS Budget Services.

**2505.0 Role of the Region/County Director**

Once the budget is developed, it is the responsibility of the regional director and county directors to manage their budget.

In order to accomplish this, they should:

- Ensure that the county budget is maintained within limits
- Monitor expenditures activity against their budget
- Take appropriate action to avoid overspending
- Request additional funding for low or overdrawn accounts

## 2506.0 Factors that Affect Budget Variances

A. Long term employees or higher salaried employees can potentially cause an over budget situation which would hinder a county from being able to fill positions or be able to stay within their allocated budget.

B. Refilling vacant positions immediately and not allowing them to remain vacant for the average time it takes to fill them (normally 30 to 45 days).

C. If the county's personnel services budget is projected to be over allocation, position(s) should be held vacant for a longer period.

   NOTE: In the event it is a Services position, the Regional Director should be contacted before holding these positions vacant.

D. When you have an employee who is preparing to leave employment or retire, the amount of their terminal leave, the employer's share of retirement for forfeited leave and overtime, if applicable will affect the budget.

E. Limited Funding in the original budget

F. Revenue shortfalls which cause the original budget to be reduced

G. Overstaffing based on statistical data about the needs of the county

H. Cost of Training (new staff and conferences)

I. Disregard to budget limitations and continuing to spend over budget

J. Lack of oversight in the use of the allocated regular operating and travel budget

K. Little or No Turnover in staffing

Management of the budget is handled regionally now, but each county is still responsible for managing their own budget and if they cannot, they need to be able to explain why to their Regional Director.

Management of the budget should be a TEAM EFFORT by each region. There are times that a county in the region may exceed their budget but it will often be counterbalanced by another county in the same region that comes in under budget, but the counties should not depend on this and must work together in order to meet their region's budget.

## 2507.0 Direct Benefits Budgets

As stated earlier, the 500 – 900 series budget sources are loaded by the State Office of Planning and Budget Services.

During the fiscal year, as funds are expensed, the budget office monitors the Direct Benefit programs and depending on the program, they will either load the additional funds, or they will have to contact the program administrator in charge of the program to determine if there is funding available in other regions to cover your overspent budget.

Programs that the budget office can continue to fund without question are called Open-Ended Accounts and are programs that are mandated direct services to clients and therefore must be funded. The following is a list of programs that fall into this category:

- Family Foster Care
- Specialized Family Foster Care
- Room, Board & Watchful Oversight Foster Care
- Adoption Assistance
- Relative Care

Programs that the budget office must contact the program administrator to determine if there is additional funding, or if funding can be moved from one region to another region, are called Limited Accounts. This means that there is a set amount of funding received and once it is exhausted, there are no more funds available until the next budget year. The following is a list of programs that fall into this category:

- Employment Services
- PUP
- Early Intervention
- Homestead
- Parent Aide
- CCFA
- CCFA Wrap Around
- Childcare