

Budgeting in the 21st Century

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Objectives

- Convey the Federal Requirements for Budgets
 - 2 CFR 200
 - 2 CFR 2900
 - Apply to all grants, contracts and cooperative agreements unless otherwise in the award, regulations or statutes
 - DOL 2021 Terms and Conditions related to budgets
 - DOL Discretionary Grantees – you must see all of the terms and conditions in your award, the solicitation for awards by DOL as well as any guidance for your particular award
 - DOL Guidance for One-Stop Budgets and infrastructure will not be covered in this session because it is covered in another session
 - Share sample detailed budget format

Notice of Funding Opportunity

- Means a formal announcement of the availability of Federal funding through a financial assistance program from a Federal awarding agency.
- The notice of funding opportunity provides information on the award, who is eligible to apply, the evaluation criteria for selection of an awardee, required components of an application, and how to submit the application.
- The notice of funding opportunity is any paper or electronic issuance that an agency uses to announce a funding opportunity, whether it is called a “program announcement,” “notice of funding availability,” “broad agency announcement,” “research announcement,” “solicitation,” or some other term.

DOL BUDGETED AMOUNT

Lets take a look

DOLETA Notice of Award non-WIOA formula Awards (Wagner-Peyser, JVSG, SCSEP, etc.)

- The funds that are provided under the Notice of Award (NOA) must be expended according to all applicable Federal statutes, regulations and policies, and the applicable provisions in the FY 2021 DOL Standard Federal Award Terms & Conditions appropriations act(s).
- The funds shall be obligated and allocated via a NOA grant modification.
- The obligations and expenditures may not exceed the amount awarded by the NOA modification unless otherwise modified by the ETA.

DOLETA Notice of Award WIOA Formula (2)

- The funds shall be obligated and allocated via a NOA grant modification.
- The obligations and expenditures may not exceed the amount awarded by the NOA modification unless otherwise modified by the ETA.

DOLETA Notice of Award (3) Discretionary awards/Competitive Awards

- The funds shall be obligated and allocated via a NOA grant modification.
- These obligations and expenditures may not exceed the amount awarded by the NOA modification unless otherwise modified by the ETA.
- Lets take a look at how DOLETA applies the Federal requirements (Order of Precedence)

Budget Amounts

- Formula Funds – Allocated by formula by the Governor to local areas and a percentage of the award is administered by the Governor
- These budgeted amounts are given to the Governor and the Governor is then a recipient and a pass-through entity
- The Governor as a pass-through entity allocates the formula to the local area based upon formula – That is an award
 - Local area then become a recipient and a pass-through entity
- The Governor and the Local Areas as pass-through entities make awards and contractual agreement using the proper procurement instruments agreement and they award contracts (see procurement requirements in 2 CFR 200)

DOL DISCRETIONARY AWARDS

Award recipients also operate as pass-through entities when they make awards and enter into contracts and cooperative agreements

Discretionary and Competitive Award Recipients receive their budgets Directly From the DOLETA

- These are line item budgets with breaks for:
 - Total Direct Cost by line item (budget categories/object classification, e.g., personnel, fringe, travel, other...) see your awards approved budget SF 425 A and budget narrative and the grant agreement for the Statement of Work, performance and outcomes approved
 - Total indirect cost (rates accepted by DOL, Federally approved rates, temporary billing rates or de minimus rates) and
 - Total Budget (sum of direct cost categories plus indirect cost)
 - The Budgets may include a Federal share and a non-Federal share (required Federal match and required non-Federal match offered by the grantee when it responded to the Notice of Funding Opportunity.

Discretionary and Competitive Award Recipients receive their budgets Directly From the DOLETA (2)

- Also, the DOL budgets may include leveraged resources (other Federal funds) offered by the grantee when they responded to the notice of funding opportunity.
- The latest approved budget from the DOL Grant Officer is the official budget that must be tracked in the recipients (non-Federal entity) accounting system and recipient, pass-through entities must follow all terms and conditions for the award
- Discretionary/Competitive recipients may receive awards from other Federal sources.
- Each Federal award must be separately tracked in the recipients accounting system.
- Lets take a look at budget flexibility

Recipient Budget Flexibility Excerpt from DOLETA 2021 Terms and Conditions

- Grant recipients are not permitted to make transfers that would cause any funds to be used for purposes other than those consistent with the Federal program. Any budget changes that impact the SOW and agreed upon outcomes or deliverables require a request for modification and approval from the Grant Officer.
- As directed in 2 CFR 200.308(e), for programs where the Federal share is over the Simplified Acquisition Threshold (SAT) (currently \$250,000), the transfer of funds among **direct cost categories or programs, functions, and activities** is restricted such that
 - If the cumulative amount of such transfers exceeds or is expected to exceed 10% of the total budget as last approved by the Federal awarding agency, the recipient **must receive prior approval from the Grant Officer**. Any changes within a specific cost category on the SF424(a) do not require a grant modification unless the change results in a cumulative transfer among direct cost categories exceeding 10% of total budget.
 - It is recommended that the assigned FPO review any within-line changes to the grant award recipient's budget prior to implementation to ensure they do not require a modification.
- For programs where the Federal share of the project is below the SAT of \$250,000, recipients are not required to obtain the Grant Officer's approval when transferring funds among direct cost categories.

2 CFR 2900 Revision of the Budget use the Standard Form 424 to Request Revisions

- **2900.11 Revision of budget and program plans including extension of the period of performance.** In addition to the guidance set forth in [2 CFR 200.308\(b\)](#), for Federal awards from the Department of Labor, the non-Federal entity must request prior approval for an extension to the period of performance.
- **2900.12 Revision of budget and program plans approval from Grant Officers.**
- In the DOL, unless otherwise noted in the grant agreement or cooperative agreement, prior written approval for revision of budget and program plans must come from the Grant Officer (see [2 CFR 200.308\(d\)](#)).

DOL ETA Order of Precedence

- In the event of any inconsistency between the terms and conditions of this Notice of Award (NOA) and other requirements, the following order of precedence shall apply:
 - I. Applicable program authorizations/statute (i.e. WIOA)].
 - II. Other applicable Federal statutes.
 - III. Consolidated Appropriations Act 2021 (Public Law 116-260) dated December 27, 2020.

DOL ETA Order of Precedence (2)

- IV. Implementing Regulations.
- V. Executive Orders and Presidential Memoranda.
- VI. The Office of Management and Budget (OMB) Guidance, including the Uniform Guidance at 2 CFR 200 and 2900.
- VII. The U.S. Department of Labor (DOL)/Employment and Training Administration (ETA) Directives.
- VIII. Terms and conditions of this award.

Requirements during the life of the award

- You must comply with any Executive Orders or Federal requirements or guidance issued during the life of your award and any modifications by the Grant Officer for your award.
- Official DOL Grant Officer modifications may be bilateral or unilateral.
- The latest budget OR Modification approved by the Grant Officer must be updated in your accounting system.
 - If your accounting system cannot accommodate the budget or change, you must keep subsidiary ledgers to track any changes, example, multi-year awards. Your books might close annually.
 - Any related subsidiary ledgers must link to the official books of account and must be retained for the duration of the record retention requirements
 - You are responsible for tracking all budgets and changes until the record retention period expires as the changes occur.
- Budgets for each award must be shared with appropriate program, administrative, and fiscal staff who are responsible for ensuring compliance
- Lets take a look at the Salary and Bonus limitation that applies to all ETA appropriations

Salary and Bonus Limitations

Applies to All ETA Appropriated Awards

- Pursuant to Public Law (P.L.) 116-260, Division H, Title I, Section 105,
- Recipients and subrecipients shall not use funds to pay the salary and bonuses of an individual, either as direct costs or as indirect costs, at a rate in excess of Executive Level II.
- The Executive Level II salary may change yearly and is located on the OPM.gov website
(<https://www.opm.gov/policydata-oversight/pay-leave/salaries-wages/>).

Salary and Bonus Limitations

Applies to All ETA Appropriated Awards (2)

- The salary and bonus limitation does not apply to contractors (vendors) providing goods and services as defined in 2 CFR 200.331.
- Where States are recipients of such funds, States may establish a lower limit for salaries and bonuses of those receiving salaries and bonuses from subrecipients, taking into account factors including the relative cost-of-living in the State, the compensation levels for comparable State or local government employees, and the size of the organizations that administer Federal programs involved including
- ETA programs. See TEGL 5-06 for further clarification, available at http://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=2262.
- Note: You must budget for this limitation to ensure compliance review the salaries of staff who are direct and indirect.

Additional Requirements

- The non-Federal entity must comply with definitions and requirements in the DOL notice of funding opportunities (NOA) and
 - There are budget requirements in 2 CFR 2900 apply to all award recipients and subrecipients under the award.
 - Pass-through entities must ensure that requirements are in all its subawards
 - See pass-through entity requirements at 2 CFR 200.332 regarding pass-through entity responsibilities.
- Lets take a look at 2 CFR 200 Budget definitions

Uniform Guidance 200.1

- These are the definitions for terms used in this part.
- Different definitions may be found in Federal statutes or regulations that apply more specifically to particular programs or activities.
- These definitions could be supplemented by additional instructional information provided in government-wide standard information collections.

2 CFR 200 Budget Definitions (1)

- Budget means
 - the financial plan for the Federal award that the Federal awarding agency or pass-through entity approves during the Federal award process or in subsequent amendments to the Federal award.
- It may include the Federal and non-Federal share or only the Federal share, as determined by the Federal awarding agency or pass-through entity.
 - Presenter note: The non-Federal entity share is included in the DOL budgets, if there is a non-Federal entity amount required. (Required by statute or regulations or included on the budget line item of the SF 424 by your organization when you applied for the award and approved by the DOL Grant Officer in your award document.)
 - Match and leveraged resources must be accounted for in the recipients books of account and must be reported only as it is expended.
 - Unmet required non-Federal share at the end of the last quarter (funds expired or all funds expended in that quarter) will result in questioned cost.

2 CFR 200 Budget Definitions (2)

- Budget period means the time interval from the start date of a funded portion of an award to the end date of that funded portion during which recipients are authorized to expend the funds awarded, including any funds carried forward or other revisions pursuant to § 200.308.
- Lets take a look at the financial management budget standard in 2 CFR 200

2 CFR 200.302 Financial management.

- (b) The financial management system of **each non-Federal** entity **must provide** for the **following** (see also §§200.334, 200.335, 200.336, and 200.337):
 - (b)(5) **Comparison of expenditures with budget amounts** for each Federal award.

All non-Federal entities include the definitions at 2 CFR 200 and for DOL at 2 CFR 2900 ETA Exceptions and the definition found in the relative program regulations, e.g., WIOA Final Rule.

The definition at 2900.02 regarding who is a Non-Federal Entity:

Let's take a look at that definition

200.308 (a & b) Revision of budget and program plans.

- (a) The approved budget for the Federal award summarizes the financial aspects of the project or program as approved during the Federal award process.
- It may include either the Federal and non-Federal share (see definition for *Federal share* in §200.1) or only the Federal share, depending upon Federal awarding agency requirements.
- The budget and program plans include considerations for performance and program evaluation purposes whenever required in accordance with the terms and conditions of the award.
- (b) Recipients are required to report deviations from budget or project scope or objective, and request prior approvals from Federal awarding agencies for budget and program plan revisions, in accordance with this section.

200.308 (c) Revision of budget and program plans. (2)

- (c) For non-construction Federal awards, recipients must request prior approvals from Federal awarding agencies for the following program or budget-related reasons:
 - (1) Change in the scope or the objective of the project or program (even if there is no associated budget revision requiring prior written approval).
 - (2) Change in a key person specified in the application or the Federal award.
 - (3) The disengagement from the project for more than three months, or a 25 percent reduction in time devoted to the project, by the approved project director or principal investigator.

200.308 (c) Revision of budget and program plans. (3)

- (c) For non-construction Federal awards, recipients must request prior approvals from Federal awarding agencies for the following program or budget-related reasons:
 - (4) The inclusion, unless waived by the Federal awarding agency, of costs that require prior approval in accordance with subpart E of this part as applicable.
 - (5) The transfer of funds budgeted for participant support costs to other categories of expense.
 - (6) Unless described in the application and funded in the approved Federal awards, the subawarding, transferring or contracting out of any work under a Federal award, including fixed amount subawards as described in §200.333. This provision does not apply to the acquisition of supplies, material, equipment or general support services.
 - (7) Changes in the approved cost-sharing or matching provided by the non-Federal entity.
 - (8) The need arises for additional Federal funds to complete the project.

200.308 Revision of budget and program plans. (4)

- (d) No other prior approval requirements for specific items may be imposed unless an exception has been approved by OMB. See also §§200.102 and 200.407.
- DOL Exceptions are at 2 CFR 2900

200.308 Revision of budget and program plans. (5)

- (e) Except for requirements listed in paragraphs (c)(1) through (8) of this section, the Federal awarding agency is authorized, at its option, to waive other cost-related and administrative prior written approvals contained in subparts D and E of this part.
- Such waivers may include authorizing recipients to do any one or more of the following:
 - (1) Incur project costs 90 calendar days before the Federal awarding agency makes the Federal award. Expenses more than 90 calendar days pre-award require prior approval of the Federal awarding agency. All costs incurred before the Federal awarding agency makes the Federal award are at the recipient's risk (*i.e.*, the Federal awarding agency is not required to reimburse such costs if for any reason the recipient does not receive a Federal award or if the Federal award is less than anticipated and inadequate to cover such costs). See also §200.458.
 - (2) Initiate a one-time extension of the period of performance by up to 12 months unless one or more of the conditions outlined in paragraphs (e)(2)(i) through (iii) of this section apply. For one-time extensions, the recipient must notify the Federal awarding agency in writing with the supporting reasons and revised period of performance at least 10 calendar days before the end of the period of performance specified in the Federal award. This one-time extension must not be exercised merely for the purpose of using unobligated balances. Extensions require explicit prior Federal awarding agency approval when:
 - (i) The terms and conditions of the Federal award prohibit the extension.
 - (ii) The extension requires additional Federal funds.
 - (iii) The extension involves any change in the approved objectives or scope of the project.
 - (3) Carry forward unobligated balances to subsequent budget periods.
 - (4) For Federal awards that support research, unless the Federal awarding agency provides otherwise in the Federal award or in the Federal awarding agency's regulations, the prior approval requirements described in this paragraph (e) are automatically waived (*i.e.*, recipients need not obtain such prior approvals) unless one of the conditions included in paragraph (e)(2) of this section applies.

200.308 Revision of budget and program plans. (6)

- (f) The Federal awarding agency may, at its option, restrict the transfer of funds among direct cost categories or programs, functions and activities for Federal awards in which the Federal share of the project exceeds the simplified acquisition threshold and the cumulative amount of such transfers exceeds or is expected to exceed 10 percent of the total budget as last approved by the Federal awarding agency. The Federal awarding agency cannot permit a transfer that would cause any Federal appropriation to be used for purposes other than those consistent with the appropriation.

200.308 Revision of budget and program plans. (7)

- (g) All other changes to non-construction budgets, except for the changes described in paragraph (c) of this section, do not require prior approval (see also §200.407).
- (h) For construction Federal awards, the recipient must request prior written approval promptly from the Federal awarding agency for budget revisions whenever paragraph (h)(1), (2), or (3) of this section applies:
 - (1) The revision results from changes in the scope or the objective of the project or program.
 - (2) The need arises for additional Federal funds to complete the project.
 - (3) A revision is desired which involves specific costs for which prior written approval requirements may be imposed consistent with applicable OMB cost principles listed in subpart E.
 - (4) No other prior approval requirements for budget revisions may be imposed unless an exception has been approved by OMB.
 - (5) When a Federal awarding agency makes a Federal award that provides support for construction and non-construction work, the Federal awarding agency may require the recipient to obtain prior approval from the Federal awarding agency before making any fund or budget transfers between the two types of work supported.

200.308 Revision of budget and program plans. (8)

- (i) When requesting approval for budget revisions, the recipient must use the same format for budget information that was used in the application, unless the Federal awarding agency indicates a letter of request suffices.
- (j) Within 30 calendar days from the date of receipt of the request for budget revisions, the Federal awarding agency must review the request and notify the recipient whether the budget revisions have been approved.
- If the revision is still under consideration at the end of 30 calendar days,
 - the Federal awarding agency must inform the recipient in writing of the date when the recipient may expect the decision
- Now lets look at 2 CFR 2900

2 CFR 2900

DOL EXCEPTIONS TO 2 CFR 200

Subpart A - Acronyms and Definitions

§ 2900.1 Budget.

In the DOL, approval of the budget as awarded does not constitute prior approval of those items requiring prior approval, including those items the Federal Awarding agency specifies as requiring prior approval. See [§ 200.407](#) and [§ 2900.16](#) for more information about prior written approval (prior approval) (see [2 CFR 200.1](#)).

[[80 FR 81440](#), Dec. 30, 2015, as amended at [86 FR 22108](#), Apr. 27, 2021]

2900.2 Non-Federal entity.

- In the DOL, Non-Federal entity means a state, local government, Indian tribe, institution of higher education (IHE), for-profit entity, foreign public entity, foreign organization or nonprofit organization that carries out a Federal award as a recipient or subrecipient (see [2 CFR 200.1](#)).

Let's take a look at 200.308

2900.8 Cost sharing or matching.

- In addition to the guidance set forth in [2 CFR 200.306\(b\)](#), for Federal awards from the Department of Labor, the non-Federal entity accounts for funds used for cost sharing or match within their accounting systems as the funds are expended.
- If there is a statutory, regulatory or grant agreement match, these cost must be spent for the award and reported to DOL
 - Grant required match – promised in the application on the line for non-federal funds – see your SF 424 application
 - Lets take a look at excerpts from the ETA 2021 Terms and conditions

2900.9 Revision of budget and program plans.

- In the DOL, approval of the budget as awarded does not constitute prior approval of those items requiring prior approval, including those items the Federal awarding agency specifies as requiring prior approval (see [2 CFR 200.407](#) and [2 CFR 200.308\(a\)](#)).
- [[86 FR 22108](#), Apr. 27, 2021]
 - **2900.10 Prior approval requests.**
 - In addition to the guidance set forth in [2 CFR 200.308\(c\)](#), for Federal awards from the Department of Labor, the non-Federal entity must request prior approval actions at least 30 days prior to the effective date of the requested action (see [2 CFR 200.407](#)).
 - [[86 FR 22108](#), Apr. 27, 2021]

DOL TERMS AND CONDITIONS

See your grant award and see DOL 2021 Terms and
Conditions

Approved Budget (excerpt from the ETA 2021 Terms and Conditions)

- The grant award recipient's budget documents are attached in this NOA. The documents are: 1) the SF-424, included as Attachment A; 2) the SF-424 A, included as Attachment B; and 3) the Budget Narrative, included as Attachment C. The grant award recipient must confirm that all costs are allowable, reasonable, necessary, and allocable before charging any expense. Pursuant to 2 CFR 2900.1, the approval of the budget as awarded does not constitute prior approval of those items specified in 2 CFR part 200 or as a part of the grant award as requiring prior approval. The Grant Officer is the only official with the authority to provide such approval.
- FY 2021 DOL Standard Federal Award Terms & Conditions
- [Discretionary awards and National
- programs awarded via competition]

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Approved Budget (excerpt from the ETA 2021 Terms and Conditions) (2)

- Any changes to the budget that impact the Statement of Work (SOW) and agreed upon outcomes or deliverables will require a request for modification and prior approval from the Grant Officer.
- If the period of performance will include multiple budget periods, subsequent budget periods are subject to the availability of funds, program authority, satisfactory performance, and compliance terms and conditions of the Federal award.
- a. Submission of Budget Information [for Indian and Native Americans [INA 2014]
- As the grant award recipient, the grant recipient must submit the information from the budget found in the documents identified below for Comprehensive Services Program (CSP) and Supplemental Youth Services Program (SYSP) funding allotments within 30 days of designation.
- In addition, the grant award recipient must confirm that all costs are allowable before making expenditures. The approval of the budget as awarded does not constitute prior approval of those items requiring prior approval, including those items that are specified in the cost principles or this grant award as “requiring prior approval.” The Grant Officer is the only official with the authority to provide prior written

ETA REPORTING

Must Meet 9130 Reporting Requirements

- Budget should separately track mandatory reporting requirements in the Act, regulations or grant terms for each of its ETA awards and contracts and the required line items on the 9130 reports
- Examples include:
 - See the SF 424 A
 - Total Federal Award
 - Federal Direct Cost for each line item on your required 9130 financial report
 - Non-Federal share of match
 - Federal leveraged resources
 - Administrative Cost
 - Training Cost
 - Indirect Cost
 - Discretionary ETA grantees
 - The SF 424 A Budgets in Discretionary and Competitive grants (might not align with your chart of accounts but you must walk cost back to this ETA approved budget. It is the latest approved Grant Officer budget. If there is no respective line for items in your chart of accounts, the cost category is the other category
 - For subrecipients
 - The budget and budget instructions should be in your accounting system or subsidiary ledgers for the duration of the record retention requirement
 - Lets look at program income. It must be reported to DOL

2 CFR 200.80 Definition of Program income

- means gross income earned by the non-Federal entity that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance except as provided in § 200.307(f). (See the definition of *period of performance* in this section.)

200.1 Program Income Definition (2)

- Program income includes but is not limited to income from fees for services performed, the use or rental of real or personal property acquired under Federal awards, the sale of commodities or items fabricated under a Federal award, license fees and royalties on patents and copyrights, and principal and interest on loans made with Federal award funds. Interest earned on advances of Federal funds is not program income.

200.1 Program Income Definition (3)

- Except as otherwise provided in Federal statutes, regulations, or the terms and conditions of the Federal award, program income does not include rebates, credits, discounts, and interest earned on any of them. See also § 200.407. See also 35 U.S.C. 200-212 “Disposition of Rights in Educational Awards” applies to inventions made under Federal awards.
- Need to budget use: This is money in excess of the award.
- How will it be used during the life of the lifecycle. Must be fully expended by the end of the life cycle that earned the program income. Program income not used by the end of the grant period
 - You must use program income rather than grant funds. No new expenditures are allowed after the last quarterly report.
 - If you have concurrent awards for the same purpose, you may be able to FIFO/modify reports for this.

WIOA 683.200 (c)(6) Two Methods

Gross Method : When the cost of generating program income has been charged to the program, the gross amount earned must be added to the program in which it was earned

Net Method: The cost of generating program income must be subtracted from the amount earned to establish the net amount of program income available for use under grants when these cost have not determine program to the program.

Program income is also required to be reported up through by the recipient, the pass-through entity and its subrecipients.

WIOA 683.200 (c)(6) Addition Method

- The addition method described at 2 CFR 200.307 is used for all program income earned under title 1 of WIOA and Wagner-Peyser grants

Separate Accounting

- Program income is treated as additional funds
 - Treat the same as a separate grant – income is additional funding and it must be used by the source/funding stream that generated the income
 - Must be used during the life cycle of the funds/period or performance
- Lets take a look at WIOA

WIOA 683.295 (c)

Income earned by a public or private nonprofit entity may be retained by such entity only if:

- Such income is used to carry out the program that earned the income
 - This is in addition to your grant award unless otherwise regulated by ETA

Program Income

Program income must be reported quarterly until the end of the life of the allotments (each year, new grant) or until the end of the period of performance for the DOL award.

On the “final” financial status report, all program income earned must be expended.

- Program income **must be used prior** to drawing grant funds...this is considered cash on hand.

Period To Spend Program Income

Program income must be spent during the available life of the funds

- State Allotments life
 - WIOA - 3 years
 - Local level WIOA funds - 2 years unless recaptured funds are reallocated to a local by the State
- Direct Grants from DOL
 - Period of performance is in the award document

Program Income Documentation

- Documentation for program income expenditures is the same as that required for grant expenditures (invoices, payrolls, journal vouchers, etc...however used)
- Determine the percentage of participation by the Federal programs in the generation of program income

