

Fiscal Management: Budget Modifications

This section provides guidance and information on budget modifications and how to submit a request.

To ensure timely review:

- Contact your assigned California Department of Social Services (CDSS) Program Analyst (PA) before submitting a request for a budget modification.
- Submit budget modification requests via e-mail to your assigned PA.
- Include information detailed in this document and provide a revision date on all documents.
- Submit your request as soon as possible. Requests that do not include all required information **will not** be processed.
- A phone call or virtual meeting may need to be scheduled to clarify information regarding the request prior to approval.
- USDA review may also be required for certain changes.

Note: Since the indirect rate approved in your contract cannot change with a contract amendment, please account for changes to the indirect cost budget if the proposed BAR moves money in or out of cost categories not subjected to the indirect cost rate.

Budget Adjustment Request (BAR)

Definitions

A BAR is a shift of funds (state share or federal share) from one line item budget category to another line item budget category in the approved Annual Budget Detail.

E.g. Shifting \$5,000 from Personnel to Operating Expense.

Authority and Guidance

A BAR must be approved by your PA before changes can be made to your program.

Line item budget shifts are prescribed in the executed agreement through a Budget Modification Without Written Contract Amendment clause, Indirect Costs/Administrative Overhead clause, or similar language. The annual agreement total must not increase nor decrease.

Any changes to the **Indirect Cost Rate** will require a formal contract amendment.

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BARs affecting Indirect Cost

A budget modification to the Indirect Cost budget is allowable as long as the Indirect Cost Rate does not increase or decrease.

- The Indirect Cost budget must be adjusted if the BAR impacts the Indirect Cost calculation.

Budget modification to the Indirect Cost Rate **requires a formal contract amendment.**

BARs at the Subcontractor Level

As a best practice, prime contractors are highly encouraged to utilize the CDSS BAR process with their subcontractors. Subcontractor BARs are reviewed and approved by the prime contractor. All documentation must be kept on file with the prime contractor and does not need to be submitted to your PA, unless requested.

Intra-Line Adjustment Request (ILAR)

Definitions

An ILAR is a shift of funds **within** a line item budget category.

Authority and Guidance

An ILAR must be approved by your PA before changes can be made to your program.

There is no limit to how much can be shifted in an ILAR as long as line item budget category amount does not increase or decrease. If the total budget category increases or decreases, this would constitute a BAR.*

*Please see section on Budget Adjustment Requests (BAR).

Subcontractor Intra-Line Adjustment Request (SILAR)

Definitions

A SILAR is a shift of:

- Funds **between** subcontractors
- Scope of Work (SOW) **between** subcontractors
- Adding/Removing subcontractors

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Authority and Guidance

A SILAR must be approved by your PA before changes can be made to your program.

There is no limit to how much can be shifted in a SILAR as long as the prime contractor's:

- Subcontractor line item budget category amount does not increase or decrease
- Overall SOW does not increase or decrease.

Required Documentation

Each section includes a list of the documentation that must be submitted based on the type of budget modification. All budget modification requests must be approved by your assigned PA before changes can be made to your program.

Shifting Funds between Line Item Budget (BAR)

- Narrative providing a justification for each proposed change
- BAR form
- Revised Annual Budget Detail and Budget Summary

Shifting Funds within a Line Item Budget (ILAR)

- Narrative providing justification for each proposed change
- Revised Annual Budget Detail and Budget Summary

Shifting Funds between Subcontractors (SILAR)

- Narrative providing justification for each proposed change
- SILAR Form
- Revised Annual Budget Detail and Budget Summary

Adding Subcontractors (SILAR)

- Narrative providing justification for each proposed change including subcontractor's capabilities and experience conducting CalFresh Outreach or similar programs.
- SILAR Form
- Revised Annual Budget Detail and Budget Summary

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Dropping Subcontractors (SILAR)

- Submit a narrative providing justification for each proposed change including why the subcontractor is dropping out of the contract and actions taken by the prime contractor to provide technical assistance to the subcontractor.
- Exit letter that clearly states the effective date of termination/cancellation and any final performance and/or invoice payment instructions /requirements.
- SILAR Form
- Revised Annual Budget Detail and Budget Summary.

How to Show Changes in an Annual Budget Detail

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: Eliminating a position for which no expenditures will be billed; eliminating another 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

Submitting a Budget Modification Request

When submitting your budget modification, ensure that:

- The approved annual contract total amount does not increase or decrease.
- The change is programmatically justified and does not alter the overall SOW.
- The request meets the requirements stated above for a BAR/ILAR/SILAR.

Budget Modification that Requires United States Department of Agriculture (USDA) Approval

The following budget modification requires USDA approval and applies to both prime contractors and subcontractors:

- Requests for equipment totaling over \$5,000 in fair market value that was not approved in the original contract.
- Requests for theft sensitive items (computers, cameras, etc.) regardless of costs that were not approved in the original contract.

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- Revision in SOW that would impact the overall quality of program delivery, audiences reach, settings or outcomes.
- Requests for out-of-state travel or attendance at conferences that were not approved in the original contract.

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

Formal Contract Amendment Request

In accordance with Welfare and Institution Code section 18920, the following requests shall be executed in a formal contract amendment:

- Modifying the Indirect Cost Rate
- Increasing/decreasing the overall total SOW
- Increasing/decreasing the approved total contract budget amount