

# HSA Budget Revisions & Modifications Process

HSA Office of Contract Management

October 2023

# Basic Contract Process Overview

## i.e. “from cradle to grave”

### To orient you in the life cycle of the grant:

- ▶ **Procurement** = ‘cradle’, develop program, release bid, choose vendor
- ▶ **Negotiation** = finalize scope and budget w/chosen vendor
- ▶ **Commission** = seek approval for agreement plan
- ▶ **Certification (aka Execution)** = prepare all agreement documents & compliance documents, route for final signatures/execution...contract or grant is now active.
- ▶ **Modifications and Revisions** = making changes to an active agreement
- ▶ **Expiration** = ‘grave’, agreement done/lapses, no more changes.

# Modifications and Revisions

## General Information

- ▶ Grant or Contract is **already certified / executed / active**, and **changes are needed**
  - ▶ Request for change can come from Vendor or Program but must go through Contracts
- ▶ **Common reasons** to change the agreement:
  - ▶ Add more funding \$\$, e.g. OTO or Addback for program enhancement
  - ▶ Extend the time/term, e.g. NCE (No-Cost Extension)
  - ▶ Add a new scope of work that aligns with RFP
    - ▶ NOTE: you could do one or more of the above at the same time...
- ▶ Some changes can be done **informally, without legally amending/modifying** the agreement
  - ▶ Generally, the bigger the adjustment, more likely to require a legal modification

# Modifications and Revisions

## Some Agreement Basics:

Contract Managers will refer to **four specific amounts** in each agreement:

- ▶ Annual Amount: the total amount for each budget year (fiscal year) of the program
- ▶ Grant/Contract Amount: total of all the Annual Amounts
- ▶ Contingency: 10% of Grant/Contract Amount, for use in making minor additions to the Annual Amounts, such as CODB (Cost of Doing Business)
- ▶ Not-To-Exceed (NTE): total of Grant/Contract Amount PLUS Contingency = this is the LEGAL THRESHOLD amount of the agreement.
  - ▶ We cannot spend past or go over the NTE, **EVER**.

NOTE: Appendix B budget excels do NOT include Contingency & NTE amounts!

# Modifications and Revisions

## Some Agreement Basics:

### Example:

ABC Vendor has a four-year grant to provide services at \$25k per year

<b>Annual Amount</b>	<b>\$25,000</b>
<b>Grant Amount</b>	<b>\$100,000</b>
<b>Contingency @ 10%</b>	<b>\$10,000</b>
<b>Not-To-Exceed (NTE):</b>	<b>\$110,000</b>

These specific amounts are key to determining HOW Contracts will accomplish the change Program is seeking for the agreement...

# Modifications and Revisions

## Types of Changes

Three ways to change the grant/contract, depending on what you're trying to do:

### ➤ **Revision (often aka “Budget Revision”)**

- For **MINOR** changes, easiest to process - requests/approvals done through email
- **No change to Annual Amount, Contingency, or NTE, i.e. NO LEGAL CHANGES**
- Common Examples:
  - Moving \$\$ from one line item to another within the same budget, same fiscal year
  - Carryforward \$\$ from one fiscal year to another (requires prior Budget approval)
  - Change to scope that does not involve any budget changes (e.g. adjust # of service units, or clarification)

### ➤ **Informal Modification**

- Easy to process, like a Revision - requests/approvals done through email
- Usually for increases in Annual Amount using Contingency, no changes to NTE, i.e. NO LEGAL CHANGES

### ➤ **Formal Modification**

- Time-intensive, process like a New contract or grant - including Negotiation, Commission, Certification
- For **MAJOR** changes, usually increasing beyond current NTE and/or extending the time/term, i.e. LEGAL MODIFICATION/AMENDMENT

# Revisions & Informal Modifications

## Previous Example in Action:

### Example:

ABC Vendor has a four-year grant to provide services at \$25k per year

<b>Annual Amount</b>	<b>\$25,000</b>
<b>Grant Amount</b>	<b>\$100,000</b>
<b>Contingency @ 10%</b>	<b>\$10,000</b>
<b>Not-To-Exceed (NTE):</b>	<b>\$110,000</b>

Let's assume this is our starting point...

# Revisions & Informal Modifications

## Some Examples:

**REVISION:** Vendor requests to move \$ from Salaries to Operating in Y3:

Original Grant	Amounts	NOTES
Year 1	\$25,000	
Year 2	\$25,000	
Year 3	\$25,000	No change
Year 4	\$25,000	
<b>Grant Amount</b>	<b>\$100,000</b>	
<b>Contingency</b>	<b>\$10,000</b>	
<b>NTE</b>	<b>\$110,000</b>	No change

**INFORMAL MOD:** PM wants to increase service units by adding \$5k OTO to Y3:

Original Grant	Amounts	NOTES
Year 1	\$25,000	
Year 2	\$25,000	
Year 3	\$30,000	+\$5k Additional Funding
Year 4	\$25,000	
<b>Grant Amount</b>	<b>\$105,000</b>	
<b>Contingency</b>	<b>\$5,000</b>	-\$5k Additional Funding
<b>NTE</b>	<b>\$110,000</b>	<b>No change</b>



# Formal Modifications

## Example:

- ▶ PM has an **ADDBACK** for \$10k for both Y3 and Y4, so \$20k total for a major program enhancement...a Revision or Informal Mod won't work here:

	Old Amounts	New Amounts	Change NOTES
Year 1	\$25,000	\$25,000	
Year 2	\$25,000	\$25,000	
Year 3	\$25,000	\$35,000	+10k
Year 4	\$25,000	\$35,000	+10k
<b>Grant Amount</b>	<b>\$100,000</b>	<b>\$120,000</b>	<b>Over NTE, need to formally modify</b>
Contingency	\$10,000	\$0	Not enough to cover new \$\$
<b>NTE</b>	<b>\$110,000</b>		

# Formal Modifications

## Calculating New Contingency & NTE

- ▶ PM has an ADDBACK for \$10k for both Y3 and Y4, so \$20k total for a major program enhancement:

Mod #1	New Amounts	NOTES
Year 1	\$25,000	
Year 2	\$25,000	
Year 3	\$35,000	+10k enhancement
Year 4	\$35,000	+10k enhancement
<b>Revised Grant Amount</b>	<b>\$120,000</b>	
Contingency @ 10%	\$12,000	Establishing a new contingency for use going forward
<b>New NTE</b>	<b>\$132,000</b>	

# Revisions and Modifications

## Helpful Tips:

- ▶ **Revision Excels should show only CURRENT REQUESTED CHANGES**
  - ▶ Once a revision is approved, it becomes the official revised amount. Subsequent revisions should build from the latest official revised amount. i.e. prior changes should already be incorporated...**What are we changing with this revision?**
  - ▶ Only 1 set of Mod/Revision columns per year
  - ▶ Multi-Program budgets, Or Narrative budgets may be set up differently! Case-by-case basis...
- ▶ **No partial budgets!** The revision should include All YEARS of the contract or grant...exceptions can be made for multi-program or narrative budgets, etc...
- ▶ Once both the Program Manager and Contract Manager have reviewed and approved the revision, **only then can the changes be input into CARBON...**

# Formatting the Revision or Modification

	A	B	C	D	E	F	G	H
1				ADD THIS COLUMN	ADD THIS COLUMN	Appendix B, Page 1		
2								
3	<b>HUMAN SERVICES AGENCY BUDGET SUMMARY</b>							
4	<b>BY PROGRAM</b>							
5	Name						Term	
6	<b>ABC Vendor</b>						<b>7/1/2022 to 6/30/2026</b>	
7	(Check One)    New <input checked="" type="checkbox"/> Renewal <input type="checkbox"/> Modification <input type="checkbox"/>							
8	If modification, Effective Date of Mod.				No. of Mod.			
9	Program: <b>Social Services FY 22 - 26</b>							
10	Budget Reference Page No.(s)	7/1/2022 to 6/30/2023	7/1/2023 to 6/30/2024		7/1/2024 to 6/30/2025	7/1/2025 to 6/30/2026		
11	Program Term	Original	Original	Modification	Revised	Original	Original	<b>Total</b>
12	<b>Expenditures</b>							
13	Salaries & Benefits	\$626,982	\$626,982	(\$13,420)	\$613,562	\$645,792	\$665,166	\$2,551,502
14	Operating Expense	\$89,391	\$89,391	\$6,612	\$96,003	\$84,564	\$80,171	\$260,738
15	<b>Subtotal</b>	<b>\$716,373</b>	<b>\$716,373</b>	<b>(\$6,808)</b>	<b>\$709,565</b>	<b>\$730,356</b>	<b>\$745,337</b>	<b>\$2,185,258</b>
16	Indirect Percentage (%)	15%	15%	15%	15%	15%	15%	
17	Indirect Cost (Line 16 X Line 15)	\$107,456	\$107,456	(\$1,021)	\$106,435	\$109,553	\$111,800	\$327,789
18	Pass-through to Providers	\$20,941	\$20,941	\$7,829	\$28,770	\$20,941	\$20,941	\$70,652
19	<b>Total Expenditures</b>	<b>\$844,770</b>	<b>\$844,770</b>	<b>(\$0)</b>	<b>\$844,770</b>	<b>\$860,850</b>	<b>\$878,078</b>	<b>\$2,583,699</b>
20	<b>HSA Revenues</b>							
21	General Fund	\$844,770	\$844,770		\$844,770	\$860,850	\$878,078	\$2,583,699
22								
23								
24								
25								
26								
27								
28								
29	<b>TOTAL HSA REVENUES</b>	<b>\$844,770</b>	<b>\$844,770</b>	<b>\$0</b>	<b>\$844,770</b>	<b>\$860,850</b>	<b>\$878,078</b>	<b>\$2,583,699</b>

Add *Modification* and *Revision* Columns for EVERY YEAR and EVERY TAB that's being changed...

# Formatting the Revision or Modification

Program Name: Social Services 22-26  
(Same as Line 9 on HSA #1)

**Salaries & Benefits Detail**

POSITION TITLE	Agency Totals		HSA Program		7/1/22 - 6/30/23	7/1/2023 - 6/30/2024			7/1/24 - 6/30/25	7/1/25 - 6/30/26	TOTAL
	Annual Full Time Salary for FTE	Total FTE	% FTE funded by HSA (Max 100%)	Adjusted FTE	Original	Original	Modification	Revised	Original	Original	7/1/22 to 6/30/26
	Provider Services Director	\$100,000	1.00	40%	0.40	\$40,000	\$40,000	(\$20,000)	\$20,000	\$41,200	\$42,436
Quality Network Manager	\$75,000	1.00	100%	1.00	\$75,000	\$75,000	(\$10,000)	\$65,000	\$77,250	\$79,568	\$296,818
Coordinators	\$65,000	1.00	100%	1.00	\$65,000	\$65,000		\$65,000	\$66,950	\$68,959	\$265,909
Consultants	\$59,000	4.00	100%	4.00	\$236,000	\$236,000	\$20,000	\$256,000	\$243,080	\$250,372	\$985,452
Providers Services Manager	\$64,000	1.00	80%	0.80	\$51,200	\$51,200		\$51,200	\$52,736	\$54,318	\$209,454
				-							
				-							
				-							
				-							
<b>TOTALS</b>		8.00	420%	7.20	\$467,200	\$467,200	(\$10,000)	\$457,200	\$481,216	\$495,652	\$1,901,268
FRINGE BENEFIT RATE	34.20%										
EMPLOYEE FRINGE BENEFITS					\$159,782	\$159,782	(\$3,420)	\$156,362	\$164,576	\$169,513	\$650,234
<b>TOTAL SALARIES &amp; BENEFITS</b>	<b>\$0</b>				<b>\$626,982</b>	<b>\$626,982</b>	<b>(\$13,420)</b>	<b>\$613,562</b>	<b>\$645,792</b>	<b>\$665,166</b>	<b>\$2,551,502</b>

HSA #2

ADD THIS COLUMN

ADD THIS COLUMN

Appendix B, Page 2

Add *Modification* and *Revision* Columns for EVERY YEAR and EVERY TAB that's being changed...

# Formatting the Revision or Modification

		ADD THIS COLUMN		ADD THIS COLUMN		Appendix B, Page 3	
Program Name: Social Services 22-26 (Same as Line 9 on HSA #1)							
<b>Operating Expense Detail</b>							
TERM	FY22-23	FY23-24		FY24-25	FY25-26	FY22-26	
Expenditure Category	Original	1/0/1900	Modification	Revised	1/0/1900	1/0/1900	TOTAL
Rental of Property	\$17,280	\$17,280	\$5,000	\$22,280	\$17,280	\$17,280	\$74,120
Utilities (Elec, Water, Gas, Phone, Scavenger)	\$2,160	\$2,160	\$2,517	\$4,677	\$2,160	\$2,160	\$11,157
Office Supplies, Postage	\$4,320	\$4,320	(\$120)	\$4,200	\$4,320	\$4,320	\$17,160
Building Maintenance Supplies and Repair	\$1,647	\$1,647	\$2,000	\$3,647	\$1,647	\$1,647	\$8,588
Printing and Reproduction	\$1,266	\$1,266	(\$285)	\$981	\$1,266	\$1,266	\$4,779
Staff Training	\$22,700	\$22,700	(\$2,700)	\$20,000	\$21,973	\$17,580	\$82,253
Staff Travel (Local & Out of Town)	\$16,768	\$16,768	\$0	\$16,768	\$16,768	\$16,768	\$67,072
Provider Trainings and Events	\$15,950	\$15,950	\$0	\$15,950	\$15,950	\$15,950	\$63,800
Technology	\$7,300	\$7,300	\$200	\$7,500	\$3,200	\$3,200	\$21,200
<b>TOTAL OPERATING EXPENSE</b>	<b>\$89,391</b>	<b>\$89,391</b>	<b>\$6,612</b>	<b>\$96,003</b>	<b>\$84,564</b>	<b>\$80,171</b>	<b>\$350,129</b>
HSA #3							10/25/2016

Add **Modification** and **Revision** Columns for EVERY YEAR and EVERY TAB that's being changed...

# Revisions and Modifications

## Final Thoughts

- ▶ The terms *Modification* and *Amendment* are interchangeable in our context
- ▶ NCE = No-Cost Extension, i.e. adding time but not more \$\$\$
- ▶ **Budget Revisions and Informal Modifications** do not change the legal agreement and are **NOT** numbered
- ▶ **Formal Modifications** are legal changes to the agreement and **are numbered**
  - ▶ e.g. *ABC Vendor, Child Welfare Review grant, Mod #1* means the grant has been formally/legally modified once - however it may have had several revisions or informal mods between original certification and Mod #1 certification...

# Working Together

- ▶ Cooperation
- ▶ Understanding the process
- ▶ Planning ahead
- ▶ Hitting deadlines
- ▶ Mutual decision-making
- ▶ Regular communication



# Office of Contract Management: Staff and Assignments

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# THANK YOU!

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