

LMHAC Budget Policy: Strategic Stewardship Options

1. Revenue & Fund Management

- **Separate Line Items:** Establish distinct line items for each funding stream (Core, Responsive, Standing) and needed capacity building supports to ensure budget clarity and prevent funds from being absorbed into general administration.

2. Spend-Down & Reserve Strategies

- **Spend-Down Mandate:** Create a policy that prioritizes "Impact over Savings." When the fund balance exceeds a specific threshold (e.g., 2 years of operating costs), the LMHAC must recommend a "Spend-Down" round (Interim Grants) for current grantees to deploy capital into the community.
- **Reserve Cap:** Establish a formal "Reserve Cap." Any tax revenue collected above this cap is automatically earmarked for "Capacity Building Support" for local nonprofit grantees (training, technology, etc.).

3. Allocation & Award Limits

- **Variable Award Caps:** The LMHAC reviews the fiscal year budget to recommend the *number* and *value* of awards for each cycle (e.g., "This year we have room for ten \$50k awards").

4. Annual Review Process

- **Annual Budget Alignment:** Every Q1, staff presents a report on "Spend-to-Date" vs. "Allocated." The LMHAC uses this to adjust priorities for the mid-year "Responsive" or "Emergency" grant rounds. Staff will oversee contractor spending and budget utilization to ensure alignment with approved funding allocations.
- **Transparency Reporting:** Budget allocations, spend-down decisions, and reserve statuses must be published on the LMHAC website (e.g., awards, links to LMHAC noticed meetings with budget materials) to build community trust.