

# Instructions - CACFP Compensation Policy Form

## Definitions & Key Terms

**Institution:** A sponsoring organization, child-care center, at-risk afterschool care center, outside-school-hours center, emergency shelter, or adult daycare center which enters into an agreement with the State agency to assume final administrative and financial responsibility for Program operations.

**Program:** The Child and Adult Care Food Program (CACFP).

**CE:** Contracting Entity.

## References

2 CFR 200.430 Compensation – personal benefits

2 CFR 200.431 Compensation – fringe benefits

FNS Instruction 796-2 Revision 4 Financial Management

Compensation Tools for CACFP – Taxable Income Protocol

## Policy

Per FNS 796-2 Revision 4, institutions must establish and maintain a written compensation policy for every element of compensation charged to the Program. The compensation policy must be updated as needed to remain current. At a minimum, the written compensation policy must identify:

- **Rates of Pay:** Rates of pay for individual positions or position groups must be indicated in the compensation policy and must be listed as a range. The range indicates the minimum to maximum salary or wage that will be paid to the individual(s) that holds a position(s). Charges for salaries and wages must be based on records that accurately reflect the work performed and must be consistent with the organization's CACFP budget and management plan. Salaries and hourly rates for all labor must be consistent with wages paid for similar or exact positions in the same geographic area in which the institution is located or consistent with the pay range as outlined in the CACFP Taxable Income Protocol.
- **Hours of Work, including breaks and meal periods:** Institutions must document the range of work hours (for a group of employees or positions) for all employees in that position. Hours of work include breaks and meal periods.
- **Regular Compensation:** The policy must list the type of compensation that will be provided to positions. Most employees will be compensated monetarily according to the salary/wage ranges listed in the compensation policy. If any other type of compensation

will be made, this should also be listed. In addition, the payroll timing and frequency must be noted.

- **Overtime, Compensatory Time, Holiday Pay, Awards, and Severance Pay:** The institution’s plan for paying overtime, compensatory time, holiday pay, and severance pay must be specifically noted, and the cost for such benefits must be consistent. If monetary incentives or awards are provided, the criteria for receiving the incentive or award must be specifically listed along with the monetary value. Additionally, Overtime, Compensatory Time, Holiday Pay, Incentive Payments/Awards, and Severance Pay have several stipulations and may require special consideration and specific prior written approval (SPWA) from TDA.
- **Benefits:** The compensation policy must specifically state any fringe benefits that the employee is provided by the institution. Fringe benefits may include but are not limited to annual leave, family-related leave, sick leave, employee life insurance, disability insurance, retirement plans, health/dental insurance portions paid by the institution, or any other type of benefit to the employee. Costs charged to the CACFP for fringe benefits must be an allowed expense and may require SPWA. Refer to FNS Instruction 796-2 Rev. 4 for further information on cost approvals, 2 CFR 200.431 for all stipulations concerning salaries and wages and 2 CFR 200.431 for stipulations concerning fringe benefits.
- **Payroll Tax Withholding:** The compensation policy must indicate the payment frequency and how the institution or sponsor pays employment and social security taxes. Institutions are required to pay their share of their employees’ Federal and local tax such as Social Security withholding and state unemployment tax; however, because these taxes are based on wage benefits, institutions must record employment taxes in the same manner (i.e. cash or accrual) and at the same time as the wage benefit upon which these costs are based. Religious organizations may request an exemption from Social Security and Medicare taxes. Please review the Internal Revenue Service's (IRS) Employer's Tax Guide supplement (Publication I5-A).

### **Instructions (Part 1 – Staff and Salaries)**

Access a blank Compensation Policy Template on SquareMeals.org. For each position in your organization fill out each column of the Staff and Salaries table as follows:

1. **Position Title** – List the staff member job title.
2. **Job Category** – Each position should be assigned one of the following job categories (based on the “Social Assistance” industry type as set by The North American Industry Classification System):
  - a. Executive Staff
  - b. Managers
  - c. Compliance
  - d. Finance

- e. General Office
- f. Staff

3. **Number in position** – Enter the applicable number of staff at your organization with this job title.
4. **Annual Pay Range** – Enter the annual base salary range for the entered job title. The entered range should not exceed the maximum amount of the taxable income range for that job category and geographic area as determined by the Bureau of Labor Statistics (BLS). Refer to the tables below for the BLS income ranges and associated geographic areas. **NOTE: Any CE residing outside the specific metropolitan statistical areas listed below must adhere to the State median income ranges.**

Any salary amount that exceeds the maximum allowed cannot be paid using CACFP funds:

Dallas-Fort Worth-Arlington Metropolitan Statistical Area		
Job Category	Minimum Salary Range	Maximum Salary Range
Executive Staff	\$ 51,100	\$ 152,799
Managers	\$ 63,324	\$ 148,604
Compliance	\$ 38,251	\$ 95,223
Finance	\$ 46,010	\$ 99,227
General Office	\$ 23,892	\$ 50,474
Staff	\$ 21,854	\$ 36,652

Houston-The Woodlands-Sugar Land Metropolitan Statistical Area		
Job Category	Minimum Salary Range	Maximum Salary Range
Executive Staff	\$ 42,646	\$ 202,507
Managers	\$ 63,324	\$ 113,225
Compliance	\$ 42,423	\$ 102,608
Finance	\$ 52,333	\$ 116,399
General Office	\$ 25,926	\$ 50,500
Staff	\$ 22,053	\$ 39,356

San Antonio-New Braunfels Metropolitan Statistical Area		
Job Category	Minimum Salary Range	Maximum Salary Range
Executive Staff	\$ 30,770	\$138,198
Managers	\$ 63,324	\$ 113,225
Compliance	\$ 44,571	\$79,509
Finance	\$ 42,377	\$ 106,719
General Office	\$ 22,665	\$ 45,894
Staff	\$ 20,167	\$ 39,833

State Median Metropolitan Statistical Area		
Job Category	Minimum Salary Range	Maximum Salary Range
Executive Staff	\$ 23,144	\$ 156,413
Managers	\$ 63,324	\$ 113,225
Compliance	\$ 35,477	\$ 96,026
Finance	\$ 43,684	\$ 100,534
General Office	\$ 22,697	\$ 49,284
Staff	\$ 18,537	\$ 37,630

5. **Frequency of Pay** – Indicate the frequency at which the employee is paid whether it be monthly, bi-weekly, or weekly.
6. **Daily Working Hours, including breaks and meal periods** – Enter the exact hours worked for each staff member, including all sanctioned breaks and meal times.

### Instructions (Part 2 – Compensation Policies)

For each possible pay category listed in the Compensation Policies table:

1. Indicate Yes or No if your organization implements this type of Pay Category.
2. Provide a detailed written explanation of your organization’s policy regarding each pay category, if applicable. Include any differences in pay categories that may exist between job categories. **NOTE:** If you indicated No for a particular Pay Category, you do not have to enter an explanation.

Refer to the Sample form below for examples of explanations.

### Submittal

CEs will submit this form under the following circumstances:

- New CEs at the time of application
- Existing CEs who do not have a Compensation Policy on file with TDA (may submit at any time)
- CEs who need to update their Compensation Policy (for example, if staffing or salaries change)

CEs may upload their Compensation Policies via TX-UNPS or email TDA at [CACFP.BOps@TexasAgriculture.gov](mailto:CACFP.BOps@TexasAgriculture.gov).

## **Form Retention**

Retain this Compensation Policy (and any subsequently submitted updates) for three years from the end of the current program year. Exception: If audit findings, claims or litigation have not been resolved by the end of the retention period, all forms and records must be retained until all issues are resolved.

**SAMPLE FORM ONLY – This is not required language but a sample of how to complete the form. Your operations must align with information submitted.**

**PART 1 – Staff and Salaries**

<b>Position Title</b>	<b>Job Category</b>	<b>Number in Position</b>	<b>Annual Pay Range</b>	<b>Frequency of Pay</b>	<b>Daily Working Hours, including breaks and meal periods</b>
Owner/Director	Executive	1	\$60,000 to \$85,000	1 <sup>st</sup> working day of each month.	9:00 AM to 6:00 PM with a one-hour lunch and two 15-minute breaks per day.
Monitor	Compliance	3	\$35,000 to \$55,000	Bi-weekly (1 <sup>st</sup> and 15 <sup>th</sup> of each month)	9:00 AM to 6:00 PM with a one-hour lunch and two 15-minute breaks per day.
Claim Processor	Finance	1	\$35,000 to \$55,000	Bi-weekly (1 <sup>st</sup> and 15 <sup>th</sup> of each month)	9:00 AM to 6:00 PM with a one-hour lunch and two 15-minute breaks per day.
Office Tech	General Office	1	\$30,000 to \$45,000	Weekly (every Friday)	9:00 AM to 6:00 PM with a one-hour lunch and two 15-minute breaks per day.
Cook	Staff	3	\$25,000 to \$32,000	Weekly (every Friday)	8:00 AM to 5:00 PM with a one-hour lunch and two 15-minute breaks per day.

**SAMPLE FORM ONLY – This is not required language but a sample of how to complete the form. Please detail what your organization’s policies are. Your operations must align with your policy.**

**PART 2 – Compensation Policies**

Provide an explanation for each of the following. If the Pay Category does not apply to the institution, an explanation may be provided at the institution’s discretion.

Pay Category	Applicable to Organization? Y/N	Written Explanation
Regular Compensation	Y	<p>All employees will receive monetary compensation through salaries/wages established at the time of the offer of employment based on the market value for a similar job as represented in the Bureau of Labor and Statistics (BLS). All salary wage offers will be approved by the owner and/or board of directors.</p> <p>Salaries and wages will be formally reviewed annually and adjusted based on the results of each employee’s performance appraisals. Compensation increases based upon measurable performance standards will range between 1% and 6% but cannot exceed the maximum salary or wage as represented in the TDA CACFP Taxable Income Protocol.</p> <p>New hires, terminations, pay rates changes, and voluntary/court-ordered payroll deductions will be approved by the owner and/or board of directors.</p> <p>Regular compensation will be disbursed on the 15<sup>th</sup> and the last business day of each month.</p>

Pay Category	Applicable to Organization? Y/N	Written Explanation
Overtime	Y	<p>Nonexempt employees will be paid overtime in accordance with the Fair Labor Standards Act (FSLA) in which they will receive overtime pay for hours worked in excess of 40 in a workweek of one and a half times their regular rate of pay.</p> <p>Executive/Management employees are not eligible for Overtime hours.</p> <p>Overtime hours will be approved by the Owner/Director prior to TDA approval and prior to working.</p>
Compensatory Time	N	
Holiday Time (Holiday Schedule)	Y	<p>The institution will be closed on major federal holidays per the organization's holiday calander (to include New Year's Day, Independence Day, Thanksgiving and Christmas) and therefore does not provide holiday pay to hourly employees. Salaried employees are entitled to paid holidays at their usual compensation.</p>

Pay Category	Applicable to Organization? Y/N	Written Explanation
Benefits	Y	<p>The vacation year begins October 1<sup>st</sup> and ends September 30<sup>th</sup>. Full-time employees with under five years of continuous employment receive 12 days of vacation per year. Full-time employees with over five years of continuous employment receive 15 days of vacation per year.</p> <p><i>Life and disability Insurance:</i></p> <p>The institution offers life and disability insurance for all employees but only pays 98% of the share of life and health insurance.</p> <p><i>Health Insurance:</i></p> <p>The institution will pay 50% of health insurance costs for the employee.</p> <p><i>Sick Leave:</i></p> <p>Full-time employees are eligible for Leave at a rate of 8 hours per month. Part-time employees are not eligible for Leave. Unused Sick Leave can accumulate from year to year up to a maximum of 30 days (210 Hours) for full-time employees. No Sick Leave benefits are paid upon separation of employment from the institution for any reason. If an employee's illness or injury requires a consecutive absence of five days or more, physician documentation will be required.</p>
Awards	N	<p>The institution may recognize an employee that demonstrated superior performance during the year in the form of certificates, pins, or other items of minimal value. No monetary awards are provided.</p>
Severance Pay	N	<p>The institution does not provide severance pay.</p>

Pay Category	Applicable to Organization? Y/N	Written Explanation
Payroll Tax Withholding	Y	<p>The institution will furnish and receive a completed Form W-4 from each employee.</p> <p>Each payday the institution will:</p> <ul style="list-style-type: none"> <li>• Withhold federal income tax.</li> <li>• Withhold employees' share of social security and Medicare taxes upon each pay interval (both employee and employer's share).</li> </ul>