

**Child Nutrition Programs (CNP)  
Child and Adult Care Programs (CACFP)  
Compensation Plan Policy**

CACFP staff at the Alabama State Department of Education (ALSDE) review proposed compensation policies during the initial application process and then annually for renewing institutions. All sponsoring organizations, unaffiliated centers, and independent centers submit the ALSDE Compensation Plan Form for approval each year. Once approved, any revision must be approved by the ALSDE prior to implementation.

**Written Policies**

1. Federal regulations require an institution to have written compensation plan policies for any labor costs for operational and/or administrative employees that are included in the proposed budget, unless exempted from the requirement.
2. The policies must address every element of compensation for which the institution intends to seek reimbursement (ex., wages, salaries, vacation or sick leave, retirement, education assistance, and other fringe benefits.) The policies must clearly identify which individual or group of employees are eligible for each fringe benefit.
3. The timing and frequency of the institution's payments to its employees must follow a routine schedule as directed by its human resource policy.
4. A proposed change to increase wages, salaries, or fringe benefits must include a rationale on how the change will improve food service operations and/or benefit participants.
5. Any institution that is required to have a board of directors, must have a written policy that requires members of the board of directors to recuse themselves from voting on decisions relating to their own compensation and that of immediate family members and financially-related parties [USDA Guidance for Managements Plans and Budgets (2013), p. 8].
6. The policies must include written job descriptions that include reasonable tasks for the job title.
7. The policies must ensure that the institution meets minimum CACFP staff to child ratios established by the U.S. Department of Agriculture and guidelines from the ALSDE.
8. The policies must be reviewed annually and updated as needed.

**Allowable Labor Costs**

1. Allowable labor costs include, but are not limited to, regular compensation; overtime; compensation time; holiday pay; and benefits such as sick leave and insurance. Full information is in FNS Instruction 796-2, Rev. 4 [Section VIII I 23 a, p. 41-42].
2. Labor costs must be necessary and reasonable for effective and efficient operation of the Program. The costs must be allowable under federal regulations.
3. An institution that uses a contracted service to provide employees should seek reimbursement under the purchased services category. Full information is provided in FNS Instruction 796-2, Rev. 4 (Section VIII I 34), p. 65.

### **Unallowable Labor Costs**

1. Compensation that is inconsistent with the institution's written compensation plan is not allowable.
2. Other unallowable labor costs include, but are not limited to:
  - a. Payments for work rendered by individuals who are not employed by the institution.
  - b. Retroactive salary or wage increases.
  - c. Any form of compensation based on the number of day care homes recruited.
  - d. Any compensation used to maximize available reimbursement.
  - e. The employee's share of taxes and fringe benefits.
3. Wages or salaries for contracted employees may not be claimed as a labor cost. Such costs may be eligible for reimbursement under the purchased services category. Full information is provided in FNS Instruction 796-2, Rev. 4 (Section VIII I 34), p. 65.
4. Full information about unallowable labor costs is in FNS Instruction 796-2, Rev. 4 [(Section I VIII I 23 b, p. 42-44)].

### **Allocating Labor Costs**

1. If an employee works on both CACFP and non-CACFP tasks, only the time spent working on CACFP tasks may be submitted for reimbursement.
2. If a person works on two different Child Nutrition Programs in one institution, the salary or wages must be allocated between the two programs.
3. All other labor costs, such as fringe benefits and payroll taxes, must also be allocated as appropriate.

### **Comparable Salaries or Wages**

1. Compensation for each position must be comparable to similar positions in the region. The ALSDE uses the [North American Industry Classification System \(NAICS\) U.S. Census Bureau, 2018 SOC Manual \(Entire Manual\) \(bls.gov\)](#), and [AL Occupational Employment and Wage Statistics \(alabama.gov\)](#) to determine if the compensation policy provides reasonable salaries and wages.
2. Any salary amount that exceeds the "experienced annual" amount for the relevant occupational code and geographical region on the [AL Interactive OES \(alabama.gov\)](#) website cannot be paid using CACFP funds.

### **Required Documentation**

1. Proper documentation, such as time sheets and payroll records, must be maintained to support claims for reimbursement.
2. Time and attendance reports for all labor costs (must identify the total time actually worked by the employee, not just the time spent on Program activities. Full information is provided in FNS Instruction 796-2, Rev. 4 [Section VIII I 23 c (2)]).
3. The ALSDE CACFP Time and Attendance Record must be used unless the ALSDE has approved a different form. The Time and Attendance Record must include start time, end time, and absences. The record must be prepared in a timely manner and coincide with the employee's pay period.

4. The ALSDE CACFP Time Allocation Record must be used only if an employee works on both CACFP and non-CACFP tasks or on two different Child Nutrition Programs. The ALSDE CACFP form must be used unless the ALSDE has approved a different form. The Time Allocation Record must be a daily log that establishes the portion of costs that may be claimed for employee's pay period. It must reflect an after-the-fact determination of the actual activity of each employee. Only the time spent working on CACFP tasks may be submitted for reimbursement.
5. The Time and Attendance Record and the Time Allocation Record must be completed for all employees and must account for all work for which the employee is compensated.
6. If one employee performs both administrative and operating tasks, the hours must be reported separately.
7. Hours worked should be reported in no less than 15 minutes intervals.
8. The Time and Attendance Record and the Time Allocation Record must be completed by the employee and signed and then certified as true and correct by the employee and a supervisor.
9. For proprietary and nonprofit institutions, the Time Allocation Records must be prepared at least monthly and coincide with one or more pay period.

#### **Additional Requirements Only for Public Institutions**

1. Monthly time distribution reports are required for each employee that works on Program and non-Program activities when the employee's compensation is charged as a direct cost.
2. When an employee's compensation is charged entirely as an indirect cost, the time distribution report requirements are determined by the approved indirect cost rate agreement or cost allocation plan. Time distribution reports are not required for an employee who works in a single indirect cost activity or in multiple indirect cost activities which are all allocated using the same allocation base. An employee who works in two or more indirect cost activities which are allocated using different allocation bases must prepare time distribution report. Full information is provided in 2 CFR 225, Appendix B, 8 (h)(4)(d).
3. For employees who work only on the Program, certifications completed at least semi-annually can be substituted for time distribution reports. Program salaries that serve both operational and administrative functions must be allocated between those accounts and certification must be completed at least semi-annually. Full information is provided in 2 CFR 225, Appendix B 8 (h)(3).

Policy Approved: June 20, 2023.

## **Appendix A: Links to Resources**

### **Alabama Department of Labor Employment and Wage Statistics**

[AL Occupational Employment and Wage Statistics \(alabama.gov\)](#)

### **Alabama's Interactive Occupational Employment and Wages Webpage**

[AL Interactive OES \(alabama.gov\)](#)

*See the next page for instructions on to access data.*

### **FNS Instruction 796-2, Rev. 4**

[Microsoft Word - 796-2 Rev 4 FINAL 12 17 2013\\_2 \(azureedge.us\)](#)

### **North American Industry Classification System**

[North American Industry Classification System \(NAICS\) U.S. Census Bureau](#)

### **Standard Occupational Classification Manual (2018)**

[2018 SOC Manual \(Entire Manual\) \(bls.gov\)](#)

### **USDA Guidance for Management Plans and Budgets (2013) (for CACFP)**

[Guidance for Management Plans and Budgets | Food and Nutrition Service \(usda.gov\)](#)

### **2 CFR 225, Appendix B**

[CFR-2012-title2-vol1-part225-appB.pdf \(govinfo.gov\)](#)

### **7 CFR 230 Cost Principles for Non-Profit Organizations**

[2 CFR 230 - COST PRINCIPLES FOR NON-PROFIT ORGANIZATIONS \(OMB CIRCULAR A-122\) -](#)

[Content Details - CFR-2012-title2-vol1-part230 \(govinfo.gov\)](#)

## Appendix B: Determining Comparable Salaries or Wages

Compensation plans must include a chart for determining whether the wages and salaries paid by an institution are comparable to wages and salaries for similar positions in the same geographic area. A sample chart is below.

Public school systems, state agencies may have minimum wages that exceed the amounts listed in the chart.

How to Use the

Step #1: Identify the Standard Occupational Code that is needed for each job category. This information is in the first column in the sample chart below. For example, the code for a cook is 35-2000.

Step #2: Locate wage information on [AL Interactive OES \(alabama.gov\)](http://alabamagoes.com). The screen shot below shows the top of the webpage.

Mobile, Alabama

March 2023 Occupational Employment and Wages Estimate

<b>Job Category Title and Code</b>	<b>Mean</b>	<b>Entry</b>	<b>Experienced</b>
<b>Education and Child Care Administrators (Preschool and Day Care) (11-9031)</b>	Hourly: \$21.30 Annually: \$44,320	Hourly: \$14.92 Annually: \$31,043	Hourly: \$24.50 Annually: \$50,098
<b>Food Service Manager (11-9051)</b>	Hourly: \$31.04 Annually: \$64,972	Hourly: \$21.50 Annually: \$44,717	Hourly: \$36.10 Annually: \$75,099
<b>Cooks and Food Preparation Workers (35-2000)</b>	Hourly: \$12.89 Annually: \$26,799	Hourly: \$10.07 Annually: \$20,940	Hourly: \$14.29 Annually: \$29,729
<b>Janitors and Cleaners (37-2011)</b>	Hourly: \$12.90 Annually: \$26,826	Hourly: \$9.87 hourly Annually: \$20,514	Hourly: \$14.41 Annually: \$29,982
<b>Bookkeeping, Accounting, and Auditing Clerks (43-3031) (including monitors)</b>	Hourly: \$18.63 Annually: \$38,755	Hourly: \$12.65 Annually: \$26,318	Hourly: \$21.62 Annually: \$44,974

BUREAU OF LABOR STATISTICS OCCUPATIONAL EMPLOYMENT AND WAGE STATISTICS ESTIMATES ARE ADJUSTED TO REFLECT 1ST QUARTER 2023 EMPLOYMENT COST INDEX (ECI).

- 1st Quarter 2023 Printable Occupation and Wage Estimates:
- Map with Metropolitan Areas and Balance of State (BOS) Regions
- Frequently asked questions about OES

(All load times may vary)

[Download help](#)

[Alphabetical Occupations](#) | [Occupational Group Detail](#) | [Occupations by Industry](#) | [Bubble Chart](#)

1. The first bullet shows the most current data set available and lists geographical areas in the dropdown menu. Select the city or region that is the most appropriate for your location(s). A chart specific to that city or region will appear.
2. Locate the code in the far-left column of the chart and enter the information into the data table.
3. The data table above lists both hourly and annual figures. When completing the table in the Compensation Plan, hourly and annual figures are required.

**Definitions:** The Alabama Department of Labor uses the following definitions for the wage levels used in the chart:

- **Mean wage:** This is an average of what people in the occupation, industry, and area make. It is determined by dividing the total estimated wages by the total estimated employment.
- **Entry Wage:** This includes beginning level employees who have a basic understanding of the occupation through education or experience. They perform routine or moderately complex tasks that require limited exercise of judgment and provide experience and familiarization with the employer's methods, practices, and programs. Work is closely monitored and reviewed for accuracy. By definition, entry wage is the mean of the lower third of the population.
- **Experienced wage:** This includes fully competent employees who have sufficient experience in the occupation to plan and conduct work requiring judgment and the independent evaluation, selection, modification and application of standard procedures and techniques. These employees may supervise or provide direction to staff performing tasks requiring skills equivalent to a level I. Level Two employees receive only technical guidance and their work is reviewed for application of sound judgment and effectiveness in meeting the establishment's procedures and expectations. By definition, experienced wage is the mean of the upper two-thirds of the population.

**Appendix C: Staff to Child Ratios**

1. The U.S. Department of Agriculture Food and Nutrition Service requires:

<b>Age</b>	<b>Staff to Child Ratio</b>
Children under 6 weeks of age	1 to 1
For children ages 6 weeks up to 3 years	1 to 4
Children ages 3 years up to 6 years	1 to 6
For children ages 6 years up to 10 years	1 to 15
For children ages 10 and above	1 to 20

7 CFR 226.6(d)(3)(i)

2. Service staff, such as cooks, janitors, or bus drivers, may not be counted in the required staff-child ratio unless they meet child-care worker qualifications, are acting as a child-care worker, and are giving full attention to the children.
3. The ALSDE guideline for cooks to children in 1 to 100.