



NEW JERSEY DEPARTMENT OF AGRICULTURE DIVISION OF FOOD AND NUTRITION CHILD AND ADULT CARE FOOD PROGRAM

Compensation Policy, Instructions, & Compensation 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.

References

- ❖ 2 CFR 200.430 Compensation – personal benefits
- ❖ 2 CFR 200.431 Compensation – fringe benefits
- ❖ FNS Instruction 796-2 Revision 4 Financial Management

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 FNS Instruction 796-2 Rev. 4.
- ❖ **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. **Salary:** 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 New Jersey Department of Agriculture (NJDA) CACFP State Agency.

❖ **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, 2CFR 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 15-A).

Instructions (Part 1 – Staff and Salaries)

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).

5. For assistance in establishing annual base salary ranges, review the New Jersey's statistical median income ranges at https://www.bls.gov/oes/current/oes_nj.htm.
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 Policy)

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

Institutions will submit this form under the following circumstances:

1. New Institutions at the time of application
2. Existing Institutions who do not have a Compensation Policy on file with NJDA (may submit at any time)
3. Institutions who need to update their Compensation Policy (for example, if staffing or salaries change)

Institutions may upload their Compensation Policies via the CACFP Application Reimbursement Electronic System (CARES).

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.

Compensation Policy

Complete the Compensation Policy Form.

Separate Instructions Prior to Submission for Approval

Instructions: Institutions participating in NJDA CACFP may adapt this template to reflect their Institution's policies and procedures or use an existing compensation policy. Per CACFP Financial Management FNS Instruction 796-2, Rev. 4, all required compensation policies must include the elements listed below under "Policy." Highlighted items should be modified to reflect your Institution's procedures.

TEMPLATE

You may utilize this Compensation Policy or submit a copy of your own compensation policy.



**NEW JERSEY DEPARTMENT OF AGRICULTURE
DIVISION OF FOOD AND NUTRITION
CHILD AND ADULT CARE FOOD PROGRAM**

COMPENSATION POLICY FORM

(Institution Name)

(CACFP Agreement Number)

PURPOSE

Per FNS Instruction 796-2, Revision 4, Institutions are required to maintain a written compensation policy that adhere to all requirements listed. Such a policy must relate to every element of compensation charged to the CACFP. The policy and procedures below describe [_____]’s written compensation policy.

Name of INSTITUTION

POLICY

The written compensation policy applies to any individual or group of individuals employed by the Institution and identifies:

- Rates of pay
- Hours of work, including breaks and meal periods
- The Institution’s policy and payment schedule for regular compensation, overtime, compensatory time, holiday pay, benefits, awards, severance pay and payroll tax withholding. The timing and frequency of the Institution’s payments to its employees will follow a routine schedule as directed by its human resource policy.
- The compensation policy reflects the requirements of the U.S. Department of Labor’s Fair Labor Standards Act (FLSA) for all DLSA nonexempt employees.

[_____] provides new employees with a copy of its written compensation prior

Name of INSTITUTION

to or upon employment. Employees are trained [_____] on the written compensation policy and any

HOW FREQUENTLY

changes to the elements contained therein.

PROCEDURES

I. Rates of Pay (required)

Each classified position is assigned to a salary range that is competitive with the rates in the external labor market consistent with the Institution’s ability to pay.

Positions and Pay Range for Employees with CACFP Duties:

Position	Hourly Pay Range	Annual Pay Range	Number in Position
Accountant			
Administrative Staff			

Administrator			
Administrator <i>specify</i> _____			
Board Chair/Owner			
Business Administrator			
CACFP Responsible Person			
CACFP Substitute			
Claims Processors			
Cook			
Cook Assistant			
Director			
Food Service Director			
Monitors (for Sponsors only)			
Other <i>specify</i> _____			
Teachers/Aides			
Trainers (<i>for Sponsors only</i>)			

II. Hours of Work

The normal work week for [_____] consists of _____ days.
Name of INSTITUTION

Days of operation are: _____

Work hours are from: _____ to _____

Breaks are from:

_____ to _____
 _____ to _____
 _____ to _____

Breaks are (check one):

☐ Paid ☐ Unpaid

III. Regular Compensation

Payroll will be on the following basis (check one):

☐ Weekly ☐ Bi-Weekly ☐ Monthly

All salaries shall be reviewed annually or when the need to fill an essential position is warranted. Recommendations for salary increases shall be based on an assessment of the employee's development and achievements since the last salary review and on changes of the position's salary range. Approved or proposed salary range revisions will be given to supervisors before the annual review in order to assist in developing individual salary recommendations. Any changes to salary for CACFP employees must be approved through the submission and approval of a budget revision by the State agency.

IV. Overtime

Non-exempt employees per the US Department of Labor's Fair Labor Standards Act (FLSA), will receive overtime pay for any time worked in excess of 40 hours in a work week. Overtime rate is one and one-half time (1½) the employee's straight time rate, except in instances involving a Sunday or holidays when the rate is two times the regular rate. Payment of

overtime will be provided in the pay period following the period in which it is earned.

V. Compensatory Time

Exempt employees may accrue compensatory time for time worked in excess of 40 hours in a work week. Compensatory time must be approved by the employee's supervisor and must be used within one month of accrual.

VI. Holidays

Full-time employees are eligible for holidays listed below (Employer check all that apply) :

- | | | | |
|---|---|--|--|
| <input type="checkbox"/> New Year's Day | <input type="checkbox"/> Martin Luther King Jr. Day | <input type="checkbox"/> Good Friday | <input type="checkbox"/> Memorial Day |
| <input type="checkbox"/> Independence Day | <input type="checkbox"/> Labor Day | <input type="checkbox"/> Columbus Day | <input type="checkbox"/> Veteran's Day |
| <input type="checkbox"/> Thanksgiving Day | <input type="checkbox"/> Day after Thanksgiving | <input type="checkbox"/> Christmas Eve | <input type="checkbox"/> Christmas Day |

Full-time employees (employees who regularly work at least 40 hours per week) receive one (1) paid day off for each full day of holiday time. Holiday benefits for part-time employees will be pro-rated in accordance with the hours regularly worked by the employee. Temporary employees are ineligible for holiday leave benefits.

In those years when Independence Day, Christmas Eve and Christmas Day, and New Year's Day fall on Saturday or Sunday, the Board Chair/Owner will designate the workday that will replace the weekend holiday.

VII. Benefits

[] provides benefits to all eligible full-time and part-time employee.
Name of INSTITUTION

[] reserves the right to modify or terminate any employee benefits, at any time.
Name of INSTITUTION

a. Health/Life Insurance

[] provides individual health and dental insurance benefits for eligible full-time and
Name of INSTITUTION
part-time employees beginning after the first full month of employment. Eligible employees may elect to participate in the available health plan offered by the Institution.

[] presently pays the individual insurance premium for all eligible employees.
Name of INSTITUTION

[] may require employees to pay a portion of insurance premiums in the future.
Name of INSTITUTION

Information about []'s health plan will be provided to the employee at the time of employment.
Name of INSTITUTION

b. Vacation

Vacation leave is based on the schedule below. Vacation time will accrue for all employees who are working, on paid leave, or on workers' compensation leave for one-half or more of the regularly scheduled workdays and holidays in the pay period.

Years of Total Service	Hours Granted Each Month	Hours Granted Each Year	Days Granted Each Year
Less than 5 years			

5-9 years			
10-14 years			
15-19 years			
20 + years			

c. Sick Leave

Full-time permanent, probationary, trainee and time-limited employees are eligible for leave at the rate of _____ hours per month (_____ hours per year).

Part-time (half-time or more) permanent, probationary, trainee and time-limited employees are eligible for leave at a prorated amount. Temporary, intermittent, and part-time (less than half-time) are not eligible for leave. Unused sick leave can accumulate from year to year up to a maximum of _____ days (_____ hours) for full-time employees. This limitation on accrual of sick leave benefits is prorated accordingly for part-time employees. No sick leave benefits are paid upon separation of employment from this employer for any reason. If an employee's illness or injury requires a consecutive absence of _____ days or more, physician documentation will be required.

d. Awards

[_____] offers an award system based on years of service.

Name of INSTITUTION

Years of Total Service	Hours Granted Each Month
Less than 5 years	% of annual salary
5-9 years	% of annual salary
10-14 years	% of annual salary
15-19 years	% of annual salary
20+	% of annual salary

e. Withholding Taxes

Federal and State taxes will be withheld from each employee's salary. W-2s will be issued to employees by the end of January of each year.

f. Severance Pay

[_____] will not compensate employees with severance pay.

Name of INSTITUTION

REFERENCE

FNS Instruction 796-2, Rev. 4 pp. 44-52

INSTITUTION INFORMATION

(Print Name of Authorized Representative)

(Title of Authorized Representative)

(Signature of Authorized Representative)

(Date)

Date(s) of annual policy review: