Reasonableness for Employee Salaries and Employment Compensation—Angela Olige

- TDA is seeking input from this workgroup for how to determine reasonable salaries and employment compensation for sponsor employees.
  - USDA ME finding noted that TDA did not have proper implementation procedures to determine whether costs are necessary, reasonable, and allowable in regards to salaries (FNS instructions 796-2 Revision 4).
    - TDA must implement processes and procedures such as a salaries assessment tool in order to assess reasonable salaries projected in the budgets of all sponsors.
    - The system must ensure administrative costs paid solely with CACFP funds are necessary and reasonable, properly classified, Bureau of Statistics job title comparable to CACFP job functions, properly allocated, and allowable.
    - TDA must be in compliance by October 1, 2017.
- TDA provided members a salaries assessment tool prior to the meeting for input in determining if this tool, or a version of it, could be used to fairly evaluate salaries charged to CACFP and in compliance with USDA requirements.
  - The tool incorporated salary measures consistent with the rates for similar work from the US Department of Labor or state labor department for comparable geographic locations.
  - TDA has been in discussion with USDA about what is considered reasonable to assist in determining an ideology and what is and is not reasonable.
  - TDA’s goal with implementing this process is to be fair and compliant with USDA’s ME finding, in regards to CACFP.
    - TDA’s estimated completion date of processes is end of March with training to follow.
    - TDA’s procedures to address the finding would go through the rule-making process with an opportunity to comment, and be placed in the Texas Administrative Code
  - LaDon Woodson provided overview of the tool. Tool developed to provide assistance in looking at salaries. BLS used as background. Looks at reasonableness factors:
    1) Type of industry – Service Providers – Educational Health – Social Assistance.
    2) Job descriptions;
    3) national salaries;
4) Texas percent of national salaries;
5) Texas county equitability.
   o Benefits capped at 30% within the tool. Tool does include compensation and salary.
   o The industry classification is Non-profit listed under Social Services. This was set by USDA
• Justifications of titles must consider various factors for the amount of salary that could be reasonably charged to CACFP, such as duties, experience, educational level, responsibilities, and private sector versus federally funded programs.
• Salaries can be allowable costs, but could be unreasonable making it unallowable. Furthermore, only the time spent carrying out CACFP duties/functions may be charged to the CACFP fund. For example: If an employee only spent 50% of their time on CACFP, then only 50% of their salary could be charged to the CACFP.
• Once TDA’s process is in effect, non-compliant salaries would be a denial. An appeals process would be provided.
• Additional input should be email to Jaclyn Cantu. TDA requests input pertaining to education needs for CEs.