

CACFP Taxable Program Income protocol

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INTRODUCTION

Purpose: To establish a method for determining reasonable and allowable compensation or taxable income as determined by 2 CFR 200.430(b) and FNS 796-2 Rev. 4.

Background: Consecutive USDA Management Evaluations have cited the need to develop written guidelines and procedures which determine whether costs are necessary, reasonable, and allowable for the administration of the CACFP Program. Federal Guidance requires that State Agencies determine that all costs associated with the administration of the CACFP are necessary, reasonable and allowable.

Analysis concludes that the taxable program income of some upper level staff operating CACFP programs are not reasonable when compared to rates paid for similar work in like organizations within their locale.

Requirements: (As indicated in FNS 796-2 Rev. 4, 2 CFR 200 & other applicable USDA Guidance)

- 1. All institutions participating in child nutrition programs must operate a nonprofit food service principally for the benefit of enrolled participants.**
- 2. Institutions participating in child nutrition programs must have adequate non-child nutrition program funds to pay institution obligations during temporary interruptions in CACFP payments and non-food service obligations. That is, institutions must have other sources of revenue and cannot rely solely on child nutrition program funds.**
- 3. Compensation or Taxable income charged to the nonprofit food service account can only be for work rendered to the nonprofit food service program.**
- 4. Compensation or taxable income charged to the nonprofit food service account must be based on the job functions and not the job title of the individual.**
- 5. Institutions participating must ensure compensation or taxable income is reasonable when compared to similar organizations within the same geographic area.**
- 6. Child Nutrition Institutions fall within the NAICS “Social Assistance” service industry which is most closely aligned with child nutrition program functions**

Solution: Development of a taxable program income evaluation protocol which provides an adjusted, consistent, and equitable means of evaluating proposed taxable program income. The protocol was created by:

- Analyzing the North American Industry Classification System (NAICS) to determine the industry most closely related with CACFP.
- Analyzing Bureau of Labor Statistics (BLS) to determine the fields of employment most closely related with CACFP program functions.
- Gathering BLS industry median wages from the Texas Workforce Commission (TWC) for Texas metropolitan statistical areas (MSAs).
- Determining Min/Max taxable program income based on BLS percentile wages.
- Applying 15% reimbursement rate for centers and administrative reimbursements for DCH to determine if taxable program incomes exceed what is allowable as it concerns CACFP.

Summary: Employing this taxable program income protocol provides a standard, consistent, and equitable means for evaluating the program incomes drawn from child nutrition program funds. The parameters, assumptions and calculations in the protocol are based on data that is considered authoritative and fulfills the requirements set by 2 CFR 200.430(b) and FNS 796-2 Rev. 4.

Definitions

Allocable Cost	A cost that can be assigned or charged to one or more activities or items (cost objects) on the basis of benefits received or other such equitable or logical association, although a direct (causal) relationship may not be established. Also referred to as allocability.
Allowable Cost	Any reasonable cost that may be recovered under the contract to which it is allocable.
BLS	Bureau of Labor Statistics
CFR	Code of Federal Regulations
Contracting Entity	a state, local government, Indian tribe, institution of higher education (IHE), or nonprofit organization that carries out a Federal award as a recipient or sub-recipient.
Field of Employment	An occupation or profession, especially one requiring special training, followed as one's lifework. This is an indication of the type of work that is being performed, not the title of the individual or industry in which it is performed.
FNS	Food Nutrition Service
Industry	Any general business activity or commercial enterprise that can be isolated from others.
NAICS	The North American Industry Classification System
Nonprofit food service	Includes all food service operations conducted by the institution principally for the benefit of enrolled participants, from which all of the Program reimbursement funds are used solely for the operation or improvement of that food service. Food service account activity must be monitored to determine nonprofit food service status for institutions
OES	Occupational Employment Statistics
Reasonable Cost	That, in its amount and nature, is consistent with what a reasonable person would incur in the conduct of the same business in the same or similar circumstances.
SOC	Standard Occupational Classification
Taxable Program Income	Monetary compensation received (not including benefits) on a regular basis for work on program activities.
TWC	Texas Workforce Commission

BACKGROUND

In TDA's efforts to be good stewards of the financial and property resources entrusted to us for the administration of the federal food and nutrition programs, it has become apparent that we need to clarify the expectation for program fund allocation as it relates to program based taxable income. Key to ensuring that all of Texas's children have access to safe, nutritious and balanced meals, we must all endeavor to be responsible in our cost allocation as it pertains to our programs. Allowability which pertains to whether the costs are reasonable and allocable is therefore of the utmost importance.

This document covers cost allocation as it relates to taxable individual income charged to the CACFP program. The intent of this document is to insure that program funds used for taxable program income are being used for the purposes for which they were intended. This document and the related tool do not include employee benefit costs. Please see [Employer Cost for Employee Compensation](#) in the appendix for more information.

SOLUTION

TDA CACFP Taxable Program Income

To ensure CACFP funds used for salaries are necessary and reasonable as stipulated by federal guidelines, TDA utilizes the “Social Assistance” industry type as set by The North American Industry Classification System (NAICS). CACFP is a Federal grant program that is considered a nonprofit food service whose sole purpose is the benefit of enrolled participants who rely on its service ([see FNS796-2 rev. 4 for clarification](#)). As such, the industry type most closely aligned with the CACFP program purpose is NAICS subsector 624 – Social Assistance ([see Appendix Excerpt from NAICS for more information](#)).

Within the NAICS Social Assistance industry subsector, the applicable BLS Standard Occupational Classification (SOC), Occupation Codes (OCC) job categories. These job categories have distinct BLS determined salary (taxable income ranges). And percentiles to calculate related taxable program income wage ranges for program functional areas. ([See Appendix Categorical roles](#)). the taxable income ranges are for child nutrition program specific functions only, not to be confused with overall organizational salary. Also, taxable program income relates to the function provided to the food service program, not to be confused with the organizational title of the person providing the service, ([see the example from the FNS 796-2 on Labor Cost provided in the appendix](#)).

The Taxable Program Income by job function is based on the Texas metropolitan statistical area (MSA) of Contracting Entities’ home office ([see Figure 1](#)). As you will notice, those MSAs whose Taxable Program Income is above the state median are judged separately; all others are judged based on the state median for simplicity. For a brief description of MSAs please see [Excerpt from BLS - Metropolitan Area Concepts and Standards](#) in the appendix.

Note:

It is up to the Contracting Entity to determine the distribution of employee taxable program income within these parameters. Further, Center and Center sponsor salaries must also take care that they remain within certain mandated limits (i.e. < 15% administrative cost) to ensure allowability.

Benefits paid from program funds must not exceed 30.3 % of the individual’s taxable program income. Exceptions will be considered on a case by case basis.

For institutions and sponsors administering multiple sponsorship types (DCH, Affiliated/Unaffiliated Sponsor, Independent Center, At-Risk After School Program) and Programs (CACFP/SFSP), the Wage Guidelines must be applied based on sound cost allocation principles. For example:

1. If the same monitor is utilized to monitor Daycare Homes and Daycare Centers, that individual should only have one salary or wage that is allocated, based on the amount of time spent on each sponsorship type.

Or

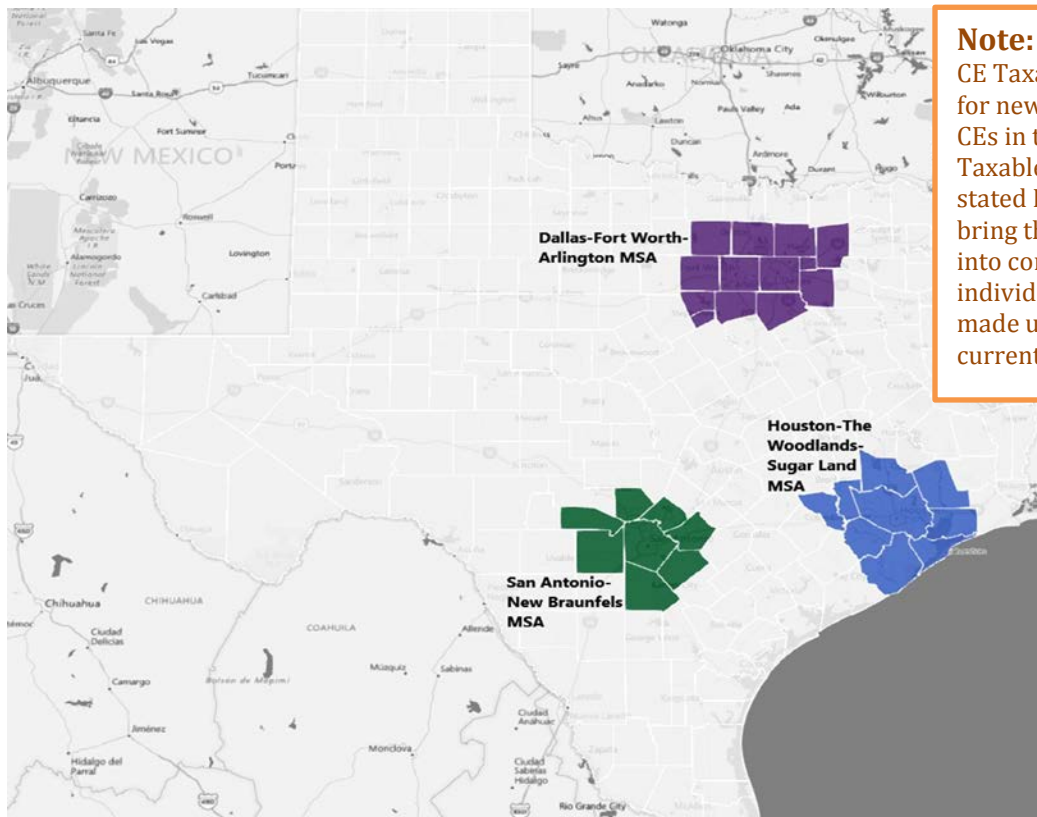
2. If an individual’s role is split between functions (i.e. Program Manager & Compliance Monitor) their total individual program must be based on the amount of time spent in each role.

This protocol is effective for all new entities as of October 1, 2017. For those Contracting Entities whose Taxable Program Income currently exceeds this guideline, they will have one year to bring their income and related benefits into compliance. They will not be able to increase these levels until the limit set by the Bureau of Labor statistics exceeds their current Taxable Program Income.

FIGURE 1 – CACFP Taxable Program Income: PY2017

Dallas-Fort Worth-Arlington MSA					San Antonio-New Braunfels MSA				
Category	OCC code	Min	Median	Max	Category	OCC code	Min	Median	Max
Executive Staff	11-3031	\$ 55,833.25	\$ 101,515.00	\$ 161,134.92	Executive Staff	11-3031	\$ 55,771.10	\$ 101,402.00	\$ 160,955.56
Managers	11-3011	\$ 42,382.45	\$ 77,059.00	\$ 122,315.87	Managers	11-3011	\$ 34,850.20	\$ 63,364.00	\$ 100,577.78
Compliance	13-1041	\$ 27,680.40	\$ 50,328.00	\$ 79,885.71	Compliance	13-1041	\$ 28,365.70	\$ 51,574.00	\$ 81,863.49
Finance	13-2011	\$ 32,083.15	\$ 58,333.00	\$ 92,592.06	Finance	13-2011	\$ 30,160.35	\$ 54,837.00	\$ 87,042.86
General Office	43-9061	\$ 17,111.60	\$ 31,112.00	\$ 49,384.13	General Office	43-9061	\$ 16,770.60	\$ 30,492.00	\$ 48,400.00
Staff	35-0000	\$ 15,080.00	\$ 21,774.00	\$ 34,561.90	Staff	35-0000	\$ 15,080.00	\$ 22,656.00	\$ 35,961.90

Houston-The Woodlands-Sugar Land MSA					State median				
Category	OCC code	Min	Median	Max	Category	OCC code	Min	Median	Max
Executive Staff	11-3031	\$ 53,821.90	\$ 97,858.00	\$ 155,330.16	Executive Staff	11-3031	\$ 50,950.35	\$ 92,637.00	\$ 147,042.86
Managers	11-3011	\$ 43,464.30	\$ 79,026.00	\$ 125,438.10	Managers	11-3011	\$ 39,499.35	\$ 71,817.00	\$ 113,995.24
Compliance	13-1041	\$ 28,365.70	\$ 51,574.00	\$ 81,863.49	Compliance	13-1041	\$ 28,365.70	\$ 51,574.00	\$ 81,863.49
Finance	13-2011	\$ 31,764.15	\$ 57,753.00	\$ 91,671.43	Finance	13-2011	\$ 30,422.15	\$ 55,313.00	\$ 87,798.41
General Office	43-9061	\$ 17,291.45	\$ 31,439.00	\$ 49,903.17	General Office	43-9061	\$ 16,178.80	\$ 29,416.00	\$ 46,692.06
Staff	35-0000	\$ 15,080.00	\$ 21,402.00	\$ 33,971.43	Staff	35-0000	\$ 15,080.00	\$ 20,084.00	\$ 31,879.37



Note:
 CE Taxable income ranges are effective for new CEs as of 10/1/2017. Existing CEs in the program whose current Taxable Program Incomes exceed the stated BLS amount will have two years to bring the income and associated benefit into compliance. In addition, no individual income increases may be made until BLS amounts exceed the CEs current Taxable Program Income.

SOURCE: [TWC Wage by Profession : Percentile Wages](#)

For a more detailed explanation of this guideline please see the [Additional Resources](#) in the appendix.

CONCLUSION

Allowability of cost is a concept to which all publicly funded programs must adhere. Factors included in the concept of allowability pertain to whether the cost is reasonable and allocable. The intent is to assuage the fears of the public that no one is watching the expenditure of civic funds and to insure that funds are used for the purposes for which they are intended.

To insure that agencies that administer public funds are being good stewards of federal awards, The Federal Code of Regulations states, “Compensation for employees engaged in work on Federal awards will be considered reasonable to the extent that it is consistent with that paid for similar work in other activities of the non-Federal entity. In cases where the kinds of employees required for Federal awards are not found in the other activities of the non-Federal entity, compensation will be considered reasonable to the extent that it is comparable to that paid for similar work in the labor market in which the non-Federal entity competes for the kind of employees involved.” (eCFR: 2 CFR 200).

As it relates to CACFP, FNS Instruction 796-2 Rev. 4 states, “All participating institutions must operate a nonprofit food service principally for the benefit of enrolled participants and maintain records documenting the operation of that food service. Nonprofit food service includes all food service operations conducted by the institution principally for the benefit of enrolled participants, from which all of the Program reimbursement funds are used solely for the operation or improvement of that food service... Salaries or hourly rates for operating or administrative labor are reasonable when the rates that are charged are consistent with rates paid for similar work in the same area in which the institution is located or consistent with the amounts reported by the U.S. Department of Labor or State labor department for compensation for that field of employment in the same or a comparable geographic location (FNS 796-2 Rev, 4, pp. 5, 48).

It is therefore the intent of this paper to clarify the Texas Department of Agriculture, Food and Nutrition Division’s position on CACFP nonprofit food service program taxable employee income as it relates to the concept of allowability.

APPENDIX

Excerpts from the NAICS

The North American Industry Classification System (NAICS) is unique among industry classifications in that it is constructed within a single conceptual framework. Economic units that have similar production processes are classified in the same industry, and the lines drawn between industries demarcate, to the extent practicable, differences in production processes. This supply-based, or production-oriented, economic concept was adopted for NAICS because an industry classification system is a framework for collecting and publishing information on both inputs and outputs, for statistical uses that require that inputs and outputs be used together and be classified consistently. Examples of such uses include measuring productivity, unit labor costs, and the capital intensity of production, estimating employment-output relationships, constructing input-output tables, and other uses that imply the analysis of production relationships in the economy. The classification concept for NAICS leads to production of data that facilitate such analyses. (p. 3)

624 - Social Assistance

Industries in the Social Assistance subsector provide a wide variety of social assistance services directly to their clients. These services do not include residential or accommodation services, except on a short-stay basis.

- 624100 Individual and Family Services
- 624110 Child and Youth Services
- 624410 Child Day Care Services.
- 624120 Services for the Elderly and Persons with Disabilities
- 624190 Other Individual and Family Services
- 624210 Community Food Services
- 624230 Emergency and Other Relief Services
- 624410 Child Day Care Services

Frequently Asked Questions about Economic Classifications

1. What is the purpose of an industry classification system? • An industry classification system facilitates the collection, tabulation, presentation, and analysis of data relating to establishments and ensures that data about the U.S. economy published by U.S. statistical agencies are uniform and comparable. NAICS ensures that such data are uniform and comparable among Canada, Mexico, and the United States.
2. What is an establishment? • An establishment is generally a single, physical location at which economic activity occurs (e.g., store, factory, farm, etc.). An enterprise consists of one or more locations that are more than 50 percent owned by the same entity performing the same or different types of economic

activities. Each establishment of that enterprise is assigned a NAICS code, based on its own primary activity.

3. How can I determine the correct NAICS code for my business? • To determine the correct NAICS code for your establishment, first identify the primary business activity. Then refer either to: 1) the NAICS United States Structure near the beginning of the manual to search the titles from the 2-digit level down through the 6-digit, more detailed level, to find the appropriate code; or 2) the Alphabetic Index at the back of the book to search alphabetically for the primary activity and its corresponding code. Next, turn to the industry description of the specified code in Part I of the manual, read the full description of the industry (including the narrative, cross-references, and illustrative examples), and determine if that description fits the activities of your establishment. Electronic references are available at census.gov/naics.

[\(Office of Management and Budget, 2017\)](#)

Occupational Employment Statistics (OES) Overview

The Occupational Employment Statistics (OES) program conducts a semiannual mail survey designed to produce estimates of employment and wages for specific occupations. The OES program collects data on wage and salary workers in nonfarm establishments in order to produce employment and wage estimates for about 800 occupations. Data from self-employed persons are not collected and are not included in the estimates. The OES program produces these occupational estimates for the nation as a whole, by state, by metropolitan or nonmetropolitan area, and by industry or ownership. The Bureau of Labor Statistics produces occupational employment and wage estimates for over 450 industry classifications at the national level. The industry classifications correspond to the sector, 3-, 4-, and selected 5- and 6-digit North American Industry Classification System (NAICS) industrial groups.

The OES survey covers all full-time and part-time wage and salary workers in nonfarm industries. Surveys collect data for the payroll period including the 12th day of May or November. The survey does not cover the self-employed, owners and partners in unincorporated firms, household workers, or unpaid family workers. The OES survey produces estimates of occupational employment and wages at the NAICS sector, 3-digit, 4-digit, and selected 5- and 6-digit industry levels.

Uses of OES data

- ✓ Analysis of occupational employment
- ✓ Analysis of occupational wages
- ✓ Development of occupational projections
- ✓ Vocational counseling and planning
- ✓ Industry skill and technology studies
- ✓ Market analysis

[\(Occupational Employment Statistics: Overview, 2016\)](#)

Categorical Roles (as defined by the BLS, Standard Occupation Classification)

A. Executive Staff

- **11-3031 /11-1020 Finance Managers/General and Operations Managers**
- Financial Managers Plan, direct, or coordinate accounting, investing, banking, insurance, securities, and other financial activities of a branch, office, or department of an establishment.
- General and Operations Managers Plan, direct, or coordinate the operations of public or private sector organizations, overseeing multiple departments or locations. Duties and responsibilities include formulating policies, managing daily operations, and planning the use of materials and human resources, but are too diverse and general in nature to be classified in any one functional area of management or administration, such as personnel, purchasing, or administrative services. Usually manage through subordinate supervisors. Typically reports to top executives.

B. Managers

- **11-3010 Administrative Services Managers**
- Administrative Services Managers Plan, direct, or coordinate one or more administrative services of an organization, such as records and information management, mail distribution, and other office support services. Typically reports to a unit/department head.

C. Compliance

- **13-1040 Compliance Officers**
- Compliance Officers Examine, evaluate, and investigate eligibility for or conformity with laws and regulations governing contract compliance of licenses and permits, and perform other compliance and enforcement inspection and analysis activities not classified elsewhere. Typically reports to a supervisor or manager.

D. Finance

- **13-2000 Financial Specialists**
- Accountants Examine, analyze, and interpret accounting records to prepare financial statements, give advice, or audit and evaluate statements prepared by others. Install or advise on systems of recording costs or other financial and budgetary data. Typically reports to head of unit/department.

E. General Office

- **43-9000 Other Office and Administrative Support Workers**
- Office Clerks, General perform duties too varied and diverse to be classified in any specific office clerical occupation, requiring knowledge of office systems and procedures. Clerical duties may be assigned in accordance with the office procedures of individual establishments and may include a combination of answering telephones, bookkeeping, typing or word processing, office machine operation, and filing. Typically reports to a supervisor or manager.

F. Staff, Operations

- **35-0000 Food Preparation and Service Related Occupations**
- Food Preparation and Serving Related Workers

([Bureau of Labor Statistics, 2017](#))

Excerpt from CFR 200

(a) General. Compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries. Compensation for personal services may also include fringe benefits which are addressed in §200.431 Compensation—fringe benefits. Costs of compensation are allowable to the extent that they satisfy the specific requirements of this part, and that the total compensation for individual employees:

(1) Is reasonable for the services rendered and conforms to the established written policy of the non-Federal entity consistently applied to both Federal and non-Federal activities;

(2) Follows an appointment made in accordance with a non-Federal entity's laws and/or rules or written policies and meets the requirements of Federal statute, where applicable; and

(3) Is determined and supported as provided in paragraph (i) of this section, Standards for Documentation of Personnel Expenses, when applicable.

(b) Reasonableness. Compensation for employees engaged in work on Federal awards will be considered reasonable to the extent that it is consistent with that paid for similar work in other activities of the non-Federal entity. In cases where the kinds of employees required for Federal awards are not found in the other activities of the non-Federal entity, compensation will be considered reasonable to the extent that it is comparable to that paid for similar work in the labor market in which the non-Federal entity competes for the kind of employees involved.

Excerpts from FNS 796-2 Rev. 4

VII A 3 - Allowability. Costs must meet the following factors:

- Necessary. The cost must represent an activity or function that is generally recognized as reasonable and necessary for the operation of the Program. The cost must be essential to fulfill regulatory requirements for proper and efficient administration of the Program. Only allowable costs may be charged to the CACFP nonprofit food service account.

To determine if a cost is necessary, the State agency must consider if it is needed for the operation of the Program. Is this cost item needed to fulfill proper administration of the Program?

Some costs are allowable but the entire amount of the cost item may not be reasonable to fulfill proper and efficient administration of the Program. Costs such as reasonable and necessary salary amounts, salary increases, salary benefits such as gym memberships, and computer equipment are allowable costs.

The State agency should establish policy that is consistent with the cost and Program regulations regarding what cost items require additional information to approve the cost. For example, salary raise thresholds, salary levels over Bureau of Labor Statistics, vehicles, etc.

- Reasonable. The type and amount of cost must not exceed what a prudent person would pay under the same circumstances. Factors that are used to determine reasonableness include:
 1. The restraints imposed by generally accepted sound business practices;
 2. Arms-length bargaining;
 3. Federal and State laws and regulations;
 4. Whether the individuals acted with prudence considering their responsibilities to the organization, its members, employees, and clients, the public at large, the Federal Government and the CACFP; and
 5. Whether there are significant deviations from established practices which may unjustifiably increase costs.

VIII I 23e. - Salaries and Wages. Salaries or hourly rates for operating or administrative labor are reasonable when the rates that are charged are consistent with rates paid for similar work in the same area in which the institution is located or consistent with the amounts reported by the U.S. Department of Labor or State labor department for compensation for that field of employment in the same or a comparable geographic location.

Labor Costs Example (FNS 796-2 Rev, 4, pp. Q&A, p. 6-7)

Q. A sponsoring organization of Centers and Homes submits its annual budget for approval. Some of the centers are unaffiliated. Some centers purchase while others prepare their meals. Last year the centers' meal reimbursement was \$2,920,150.

The day care home administrative budget was \$169,200. **The salary for the CEO is \$200,000 per year. The cost allocation plan indicates the CEO spends a total of 50 percent of her time on Program activities and 50 percent of her time on non-Program activities. Is this a reasonable salary?**

- A. The level of compensation needs to be reasonable and commensurate with the services provided by the individual and conform to the institution's written compensation policy. In this example, the organization is paying \$200,000 in annual salary to the CEO, however, **only \$62,798 of which is chargeable to the CACFP if she spends 50 percent of her time on Program activities.** Here's why. The Bureau of Labor Statistics indicates the salary for a public administrator is \$125,595. In this instance **the state agency could approve the \$125,595 salary**, which would mean \$62,798 of the CEO's salary is permitted as an allowable cost to the Program $\$62,798 [\$125,595/2 = \$62,798]$. **It is an appealable action when the State agency denies approving a budget item.**

Position or Expense Category	Base Salary or Line Budget	CACFP	Other
1. Personnel Expenses			
Full Time CEO	\$ 200,000	\$ 62,798	\$ 137,203

In the event that the CEO were to receive \$200,000 in annual salary, each CACFP section (day care homes & centers) would only be allowed to charge \$31,399 for the CEO salary $[\$125,595/4 = \$31,399]$. The difference between the State agency approved salary and the actual salary of \$200,000 would need to be paid with non-Federal funds.

Position or Expense Category	Base Salary or Line Budget	Centers	DCH	Other
1. Personnel Expenses				
Full Time CEO	\$ 200,000	\$ 31,399	\$ 31,399	\$ 137,203

Therefore, requiring the sponsoring organization to use non-Program funds to pay for the unallowable portion of the CEO's salary will free up \$37,203 in Program funds for centers and homes, $[\$200,000 - \$125,595 = \$74,405. \$74,405/2 = \$37,203]$, or, to view another way, it will free up \$18,602 $[\$37,203/2 = \$18,602]$ in Program funds for each section (day care homes, centers) to pay for other necessary Program costs.

Other Questions and response

Q. Professionally, I am a teacher, but for CACFP I am a lunchroom monitor. Should my salary be in line with the salary for teachers in my area?

A. No. The level of compensation needs to be reasonable and commensurate with the services provided by the individual to the CACFP food service program. Your role under the federal grant program is that of a monitor, therefore you are general staff. Compensation under the federal grant is not based on your professional credentials but by the role you perform.

Excerpt from BLS - Metropolitan Area Concepts and Standards

The United States Office of Management and Budget (OMB) delineates metropolitan and micropolitan statistical areas according to published standards that are applied to Census Bureau data. The general concept of a metropolitan or micropolitan statistical area is that of a core area containing a substantial population nucleus, together with adjacent communities having a high degree of economic and social integration with that core. Current area delineations are based on the application of new data standards from the 2010 Census that were announced by OMB Bulletin No. 13-01 effective February 2013.

Standard delineations of metropolitan areas were first issued in 1949 by the then Bureau of the Budget (predecessor of OMB), under the designation "standard metropolitan area" (SMA). The term was changed to "standard metropolitan statistical area" (SMSA) in 1959, and to "metropolitan statistical area" (MSA) in 1983. The term "metropolitan area" (MA) was adopted in 1990 and referred collectively to metropolitan statistical areas (MSAs), consolidated metropolitan statistical areas (CMSAs), and primary metropolitan statistical areas (PMSAs). The term "core based statistical area" (CBSA) became effective in 2000 and refers collectively to metropolitan and micropolitan statistical areas.

OMB has been responsible for the official metropolitan areas since they were first delineated, except for the period 1977 to 1981, when they were the responsibility of the Office of Federal Statistical Policy and Standards, Department of Commerce. The standards for delineating metropolitan areas were modified in 1958, 1971, 1975, 1980, 1990, 2000, and 2010.

Defining Metropolitan and Micropolitan Statistical Areas. - The 2010 standards provide that each CBSA must contain at least one urban area of 10,000 or more population. Each metropolitan statistical area must have at least one urbanized area of 50,000 or more inhabitants. Each micropolitan statistical area must have at least one urban cluster of at least 10,000 but less than 50,000 population.

Under the standards, the county (or counties) in which at least 50 percent of the population resides within urban areas of 10,000 or more population, or that contain at least 5,000 people residing within a single urban area of 10,000 or more population, is identified as a "central county" (counties). Additional "outlying counties" are included in the CBSA if they meet specified requirements of commuting to or from the central counties. Counties or equivalent entities form the geographic "building blocks" for metropolitan and micropolitan statistical areas throughout the United States and Puerto Rico.

If specified criteria are met, a metropolitan statistical area containing a single core with a population of 2.5 million or more may be subdivided to form smaller groupings of counties referred to as "metropolitan divisions."

As of February 2013, there are 387 metropolitan statistical areas and 536 micropolitan statistical areas in the United States. In addition, there are 7 metropolitan statistical areas and 5 micropolitan statistical areas in Puerto Rico.

CACFP Salary determination

According to the Bureau of Labor Statistics, “Occupational wages vary by industry and employer. Diverse working conditions, clientele, and training requirements are among the reasons why wages might differ from one employment setting to the next... Some states or areas have higher wages than others for jobs in an occupation. Local demand for the work and cost of living are among the geographic factors affecting wages.” (Torpey, 2015). As such, the following factors are also taken into consideration when establishing reasonableness and allocability:

- Credentials
- Experience
- Industry
- Task (Field of employment)
- Geographic location
- Size of organization by program reimbursement

Further, Center and Center sponsor salaries must be within certain mandated limits (i.e. < 15% administrative cost).

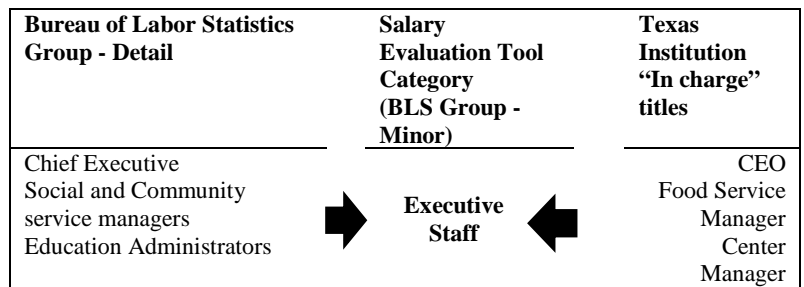
Methodology:

- ✓ Industry, Task

To determine reasonableness, F&N uses industry type as set by The North American Industry Classification System (NAICS). The industry type is established as subsector 624 – social assistance (see Appendix___ for more information).

Field of employment is matched to meet the roles consistent with that appropriate for a non-profit food service program and categorized to fill that role. Texas institutions running the CACFP program may use many different titles for the same responsibilities. For example, the person running an institution may be titled as a CEO, President, Chief Executive, Food Service Manager, Operations Manager, Center Manager. However, only the role the individual satisfies as it pertains to the nonprofit food service program will be considered. Program salary is therefore approved only for those duties applicable toward the fulfilment of the nonprofit food service. As a result, in order to ensure that roles meet certain criteria, five administrative and one operational categorically significant function have been established.

- Executive staff
- Managers
- Compliance
- Finance (excluding Finance managers)
- General Office (excluding office managers)
- Staff, Operations



These functional areas are in line with those needed to run a nonprofit food program (see appendix___ for general definitions of categories) and are defined using occupation groups provided by the Bureau of Labor Statistics.

✓ Credentials, Experience, Size

The BLS reports national median salaries (50th percentile) for Occupational Employment Statistics (OES) groups based on standardized position category. The OES program collects data on wage and salary workers in nonfarm establishments in order to produce employment and wage estimates for about 800 occupations.

[\(Occupational Employment Statistics: Overview, 2016\)](#).

Example

National Median Data – NAICS 624000 as of May 2015 (OES Data)			
Full Name	Source	Annual Median Wage (h x 2080)	Category
Program Management			
Operations Specialties Managers	B	\$ 94,340.00	Executive staff
Other management Occupations	B	\$ 73,320.00	Managers
Non-Management			
Financial Specialist	B	\$ 55,240.00	Finance
Compliance Officers	B	\$ 36,450.00	Compliance
Office and Administrative Support Occupations	B	\$ 28,450.00	General Office
Food Preparation and Service Related Occupations	B	\$ 19,560.00	Staff, Ops

Many factors can go into why individuals who fulfill the same role can have differences in salary. Factors such as credentials, experience, and size of organization can all affect an individual's

Percentile	10% (min)	50% Median	90% (max)
Annual Wage	\$61,055.50	\$111,010.00	\$160,964.50

compensation. In order to account for this disparity, the six position categories apply a Minimum – Maximum based on the OES percentile wages. ([What are Percentile Wages, 2011](#)).

✓ Geographic location

Another factor in salary ranges is location. Salaries may differ based on factors such as industry saturation, competition, and cost of living. Because of these differences, the salaries taken from the BLS are defined based on the metropolitan statistical area (MSA). The Texas Workforce Commission pulls these salaries from the BLS and we have compiled these median salaries categorical roles listed in the appendix. For simplicity, those MSAs that are average above the state average are judged separately. Those areas that fall under the state average have been rounded up to the state average. The state minimum wage is \$15,080.00, therefore any salary that fell below the state minimum has been rounded up to meet this criterion. All salaries are based on the last available year on the TWC website. ([TWC Wage by Profession](#)).

Employer Cost for Employee Compensation

EMPLOYER COSTS FOR EMPLOYEE COMPENSATION – DECEMBER 2016

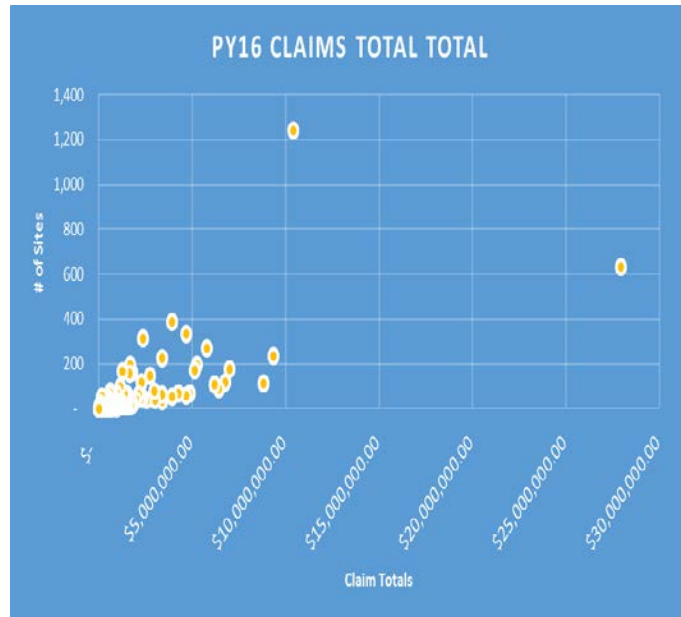
Table A. Relative importance of employer costs for employee compensation, December 2016

Compensation component	Private industry
Wages and salaries	69.7%
Benefits	30.3%

[\(BLS, 2017\)](#)

Program Statistics

Program Year	2015 - 2016	
Contracting Entities	1,337*	
Sites	14,034	
Total Meals Served for the Year	218,620,154	
Federal Reimbursements for Administration	\$54,686,658	
Total Federal Reimbursements	\$375,657,458	
*Dual Sponsor CEs counted as 1		
(TDA F&N)		
CEs by Reimbursement ranges (\$)	# of CEs	%
0 - 1,000,000	1273	95.21
1,000,000 - 5,000,000	53	3.96
5,000,000 - 10,000,000	9	0.67
10,000,000+	2	0.15
Total	1,337	



Compensation for highest paid Executive Officers Texas CACFP CEs					
Program revenue	10,000,000+	5,000,000 - 10,000,000	1,000,000 - 5,000,000	0 - 1,000,000	Average
Average highest paid Executive program income	174,410.00	151,216.73	82,642.14	14,203.38	105,618.06
Average organizational program Budget	19,167,637	6,502,463	2,336,968	189,698	7,049,191.39
individual Income/budget	0.91%	2.33%	3.54%	7.49%	3.56%

Occupational Employment Statistics State median (May 2015)				
Category	NAICS - 624000 OCC code	Min	Median	Max
Executive Staff	11-3031 – Financial Managers	\$ 51,887.00	\$ 94,340.00	\$ 136,793.00
(Bureau of Labor Statistics, 2017)				

CACFP Taxable Program Income

PY2017

In TDA's efforts to be good stewards of the financial and property resources entrusted to us for the administration of the federal food and nutrition programs, TDA has employed the following ranges for Contract Entities Taxable Program Income. Key to ensuring that all of Texas's children have access to safe, nutritious and balanced meals, we must all endeavor to be responsible in our cost allocation as it pertains to our programs.

Dallas-Fort Worth-Arlington MSA

Category	OCC code	Min	Median	Max
Executive Staff	11-3031	\$ 55,833.25	\$ 101,515.00	\$ 161,134.92
Managers	11-3011	\$ 42,382.45	\$ 77,059.00	\$ 122,315.87
Compliance	13-1041	\$ 27,680.40	\$ 50,328.00	\$ 79,885.71
Finance	13-2011	\$ 32,083.15	\$ 58,333.00	\$ 92,592.06
General Office	43-9061	\$ 17,111.60	\$ 31,112.00	\$ 49,384.13
Staff	35-0000	\$ 15,080.00	\$ 21,774.00	\$ 34,561.90

San Antonio-New Braunfels MSA

Category	OCC code	Min	Median	Max
Executive Staff	11-3031	\$ 55,771.10	\$ 101,402.00	\$ 160,955.56
Managers	11-3011	\$ 34,850.20	\$ 63,364.00	\$ 100,577.78
Compliance	13-1041	\$ 28,365.70	\$ 51,574.00	\$ 81,863.49
Finance	13-2011	\$ 30,160.35	\$ 54,837.00	\$ 87,042.86
General Office	43-9061	\$ 16,770.60	\$ 30,492.00	\$ 48,400.00
Staff	35-0000	\$ 15,080.00	\$ 22,656.00	\$ 35,961.90

Houston-The Woodlands-Sugar Land MSA

Category	OCC code	Min	Median	Max
Executive Staff	11-3031	\$ 53,821.90	\$ 97,858.00	\$ 155,330.16
Managers	11-3011	\$ 43,464.30	\$ 79,026.00	\$ 125,438.10
Compliance	13-1041	\$ 28,365.70	\$ 51,574.00	\$ 81,863.49
Finance	13-2011	\$ 31,764.15	\$ 57,753.00	\$ 91,671.43
General Office	43-9061	\$ 17,291.45	\$ 31,439.00	\$ 49,903.17
Staff	35-0000	\$ 15,080.00	\$ 21,402.00	\$ 33,971.43

State median

Category	OCC code	Min	Median	Max
Executive Staff	11-3031	\$ 50,950.35	\$ 92,637.00	\$ 147,042.86
Managers	11-3011	\$ 39,499.35	\$ 71,817.00	\$ 113,995.24
Compliance	13-1041	\$ 28,365.70	\$ 51,574.00	\$ 81,863.49
Finance	13-2011	\$ 30,422.15	\$ 55,313.00	\$ 87,798.41
General Office	43-9061	\$ 16,178.80	\$ 29,416.00	\$ 46,692.06
Staff	35-0000	\$ 15,080.00	\$ 20,084.00	\$ 31,879.37

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