



Georgia Dept of Early Care and Learning

BRIGHT FROM THE START

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MEMORANDUM

To: Sponsors Participating in the Summer Food Service Program (SFSP)

From: Tamika Boone, Nutrition Services Director (*Original Signed*)

Date: **January 15, 2022 (v.2)**

Subject: SFSP Labor Cost and Benefits Documentation

Legal Authority: 7 CFR § 225 and FNS Instruction 796-4 Rev. 4

Cross Reference/See also: DECAL Policy No. SFSP/03-5, SFSP/17-20 **and SFSP/09-17**; and DECAL Policy Memorandum, *Guidance for Establishing a Written Compensation Plan*, October 1, 2017.

The purpose of this memorandum is to provide participating Summer Food Service Program (SFSP) sponsors with guidance on the documentation requirements for labor costs charged to the Program. Further, this memorandum applies to labor costs incurred for hourly or salaried staff (whether employed full-time, part-time, or piecework) as well as to non-profit and for-profit organizations.

I. Labor Cost Requirements (Generally)

Pursuant to the USDA Administrative Guidance, FNS Instruction 796-4 Rev. 4, Federal Code of Regulations, 7 CFR 225.2, and DECAL's Budget Guidance Manual, labor costs include compensation paid by sponsors for: (a) administrative labor costs - costs incurred by the sponsor for activities related to planning, organizing, and administering the Program, and/or (b) operating labor costs – includes costs required to prepare and serve meals, to supervise children during the meal service, and to clean up after the meal service. These costs may include wages, salaries, employee benefits, and the share of taxes paid by the sponsor. Each element of an individual's compensation must be reasonable for the services provided by the individual and conform to the sponsor's written Compensation Plan. All labor costs charged to the SFSP must be fully disclosed (whether cost category or line item); approved in the organization's Budget Detail housed within GA ATLAS; and consistent with the organization's Management Plan and Compensation Plan, also housed within GA ATLAS.

Additionally, all labor documentation must be signed by both the staff person and the staff supervisor. Failure to meet these requirements or any of the other requirements set forth in this policy shall result in

the disallowance of the entire labor cost for each staff person and repayment to DECAL and/or the sponsor's SFSP Food Service Account. Failure to meet these requirements or any of the other requirements set forth in this policy may also result in the sponsor being declared Seriously Deficient.

II. Required Documentation for Labor and Benefits Costs

DECAL requires the following documentation when charging labor and benefits costs to the SFSP:

- Written Compensation Plan;
- Time Reports (*which can be found on the DECAL website*):
 - Completed **Attachment 25-Admin. Staff Time Report** (100% Admin. Labor)
 - Completed **Attachment 26-Site & Food Service Staff Time Report** (100% Operating Labor)
 - Completed **Attachment 27-Time Distribution Report** (Staff assigned Operating and Admin. Duties and/or non-SFSP duties)
- Allocation methodology (for those employees having more than one role in the SFSP (i.e., non-SFSP related duties, or employees with both SFSP and CACFP job functions);
- Payroll documentation;
- **Contract labor documentation (*when applicable*); and**
- Related-party Disclosure Form (*when applicable*).

Written Compensation Plan

In accordance with 2 CFR § 200.430, SFSP sponsors are required to establish and maintain a written compensation policy for every element of compensation charged to the SFSP (and the CACFP if the sponsor operates both programs). Total compensation must be reasonable, meaning the compensation paid to a sponsor's employees, must be consistent with compensation paid for similar work in the labor market. The compensation plan illustrates how the organization incorporates employee compensation into its overall business practices. Additionally, the sponsor's compensation plan must demonstrate how employee compensation is consistently applied throughout the organization and for all its activities, whether Program or non-Program related.

At a minimum, the Compensation Plan must include all of the following items:

- Rate of pay;
- Hours worked;
- The sponsor's plan and payment schedule for regular compensation, employment taxes, fringe benefits, overtime, compensatory time, and holiday pay, awards, severance pay, travel, and payroll tax withholding;
- Overtime, compensatory time, holiday pay, incentive payments/awards, and severance pay (*requires specific prior written approval from DECAL*); and
- Outside employment policy.

Salaries for operating and administering the SFSP must be consistent with rates paid for similar work and consistent with the amounts reported by the U.S. Department of Labor or State Labor Department for that same field of employment, in the same or comparable geographic location.

For additional guidance on compensation plans, please refer to DECAL Policy Memorandum, [Guidance for Establishing a Written Compensation Plan, October 1, 2017](#) and [DECAL's Budget Guidance Manual](#).

Time Reports

In accordance with USDA FNS Instruction 796-4, Rev. 4, time reports for all charged labor costs (i.e., salaries, wages, and benefits) must identify the total time actually worked by the employee, not just the time spent on Program activities. The reports must be prepared timely and coincide with the employee's pay period. At a minimum, these reports must include the following information per month:

- a. Date of each pay week for the month;
- b. Total weekly hours;
- c. Hourly wage;
- d. Total eligible earnings;
- e. Percentage paid with SFSP funds;
- f. Percentage paid with other funds; and
- g. Signed certification by the employee and a supervisory official that all activities performed for the pay period are for SFSP duties and are true and correct.

Note: A separate report is required for each employee.

Below are examples of what type of time reports must be maintained based on the position and proration of duties;

1. If an employee works 100% SFSP operating labor, then this employee/sponsor must complete and maintain **Attachment 26-Site & Food Staff Time Report**.
2. If an employee works 100% SFSP Administrative labor, then this employee/sponsor must complete and maintain **Attachment 25-Admin. Staff Time Report**.
3. If an employee works both SFSP operating and administrative duties and/or the employee's duties are not 100% SFSP and works other non-SFSP duties, then this employee/sponsor must complete and maintain **Attachment 27-Time Distribution Report**.

If an employee's labor is charged to the program, then one of the above documents is **required** to be maintained and completed in order for labor to be an allowable cost.

If a sponsor desires to use alternate labor forms than the above-mentioned required DECAL forms, the sponsor must seek and receive approval for the use of the alternate forms from its assigned DECAL Technical Assistance Coordinator. The alternate labor forms submitted for DECAL approval must contain, at minimum, the same elements listed in the required DECAL forms to support labor costs. With DECAL approval, the sponsor may document the required information on one form or multiple forms as long as all information is on file and relates to the appropriate pay periods respectively.

With DECAL approval, time report documents may be maintained electronically if the following conditions are met:

- Each employee has their own login credentials; and
- ~~Still~~ The sponsor must show evidence it was "approved/signed" by the employee's supervisor.

Note: If labor records are approved by DECAL to be maintained electronically, the sponsor is still required to provide access to the reports and/or print the reports immediately upon request.

Allocation Methodology

In order to establish the portion of costs that may be claimed as Program labor, the *Time Distribution Report* (Attachment 27), or another valid record must document the amount of time spent by each person on SFSP duties. Although employees may perform multiple job functions, there can only be one wage. The wage must be for the employee's total work performance; further prorated (using an appropriate allocation methodology)

based on the amount of time spent performing SFSP job duties. Non-SFSP related duties are accounted for in the Other Funds column of the Time Reports. The sponsor must ensure that costs are not duplicated and charged against multiple funding sources.

Payroll Documentation

Payroll documentation includes payroll records such as: canceled checks and any other form of payment, documents supporting payment of payroll taxes, bank statements, and payroll tax records. **At a minimum, these reports must include the following information:**

1. Employee name;
2. Employee identification number;
3. Rate of pay;
4. Hours worked;
5. Benefits earned;
6. Any reductions or increased to the employee's compensation, i.e., overtime pay, incentive award, etc.;
7. Gross pay;
8. Net pay;
9. Date of payment to employee;
10. Method of payment, i.e., check, EFT; and
11. Verification that the employee has been paid, i.e., canceled checks or EFT deposit verification.

Contract Labor

Sponsors must have supporting documentation to verify the work that contracted workers spend engaged in SFSP activities. This supporting documentation may look different based on what work was performed.

In cases when a contractor is hired to perform specific tasks for the SFSP such as reviewing paperwork, SFSP meal distribution/service, or creating menus, the sponsor should receive time reports which indicates the specific amount of time the contractor spends completing SFSP tasks for the organization. The payment and charge to the SFSP should be in accordance with the contract between the sponsor and the contractor. Therefore, the number of hours the contractor indicates she/he has worked for the pay period must be multiplied by the payment rate in the contract. The amount of payment should be reasonable and consistent with the labor market and the scope of work performed.

In cases when activities cannot be separated from other program functions, the contractor will not be required to submit a time report. For example, if an accountant/bookkeeper is contracted to perform the financial aspect such as producing payroll or other financial documentation because payroll for SFSP employees and other employees cannot be easily separated by the amount of time spent performing the tasks for the specific program, then the sponsor should have a proration method on file that shows the amount of charges to the SFSP.

The formula that should be used each month should be as follows: Total SFSP Expenses/Total organizational expenses = percentage of charge to SFSP.

Note: Per 7 C.F.R. § 225.15(a)(3) and [DECAL Policy No. SFSP/09-17 Contracting Out Summer Food Service Program Management Responsibilities](#), no sponsor may contract out management responsibilities of the SFSP. Management responsibilities include the following:

- meal ordering;
- assuming official recordkeeping responsibilities, including meal count information to substantiate claims;
- submitting claims;
- training and monitoring administrative and site staff;
- conducting pre-operational visits, site visits and site reviews;

- announcing availability of meals to the news media; and
- determining income eligibility and maintaining individual income eligibility statements (including, but not limited to disclosure and usage of child eligibility information when applicable).

Sponsors are required to check with DECAL before allowing an entity, other than the sponsor (including a food service management company) to undertake tasks which may be considered management functions or any tasks that are related to the bulleted items listed above. Additionally, sponsors cannot pay employees of the organization as contract labor in an effort to avoid paying payroll taxes. Sponsors may only pay contract labor to contractors not employed with the organization.

Related Party Disclosures

Disclosure of less than arm's length transactions must be made when such relationships exist- between related parties. A related party is a person, place, or thing related to or closely held by another person, place, or thing. A transaction between the two is a less than arm's length transaction.

Federal regulations require that related party transactions be disclosed when Federal funds are planned for the execution of such transactions. Failure to disclose these relationships inhibits the State agency's ability to make informed decisions regarding the allowability of the costs. Failure to disclose will result in the disallowance of the cost and may subject the sponsor, its principals, employees, consultants, or others to the administrative and legal remedies available to the State agency and FNS. The [Related Party Disclosure Form \(RPDF\)](#) must be used for disclosure and uploaded to GA ATLAS.

For additional guidance on time reports, allocation, payroll documentation, and related party disclosures, please refer to the [SFSP Administrative Guide](#), [DECAL's Budget Guidance Manual](#), and DECAL Policy Memorandum, [Assessing Costs in the SFSP, March 26, 2015](#).

Overall, when SFSP funds are used for labor costs, SFSP sponsors must maintain accurate and complete time records, in addition to all required supporting documentation to justify Program costs incurred. As mentioned previously, failure to meet the requirements outlined in this memorandum, or any of the other requirements set forth in this policy, will result in a sponsor returning all non-supported labor costs back to its SFSP food service account and/or the sponsor being declared Seriously Deficient.

If you have any questions regarding this memorandum, please contact Nutrition's Policy Administrator at (404) 651-8193.
