

March 15, 2021

MEMORANDUM

TO: Executive Directors and Finance Officers, Florida's Early Learning Coalitions, Redlands Christian Migrant Association, Inc., and the Children's Forum, Inc.

FROM: Allyce Heflin, Deputy Director of Finance & Operations, OEL/FDOE

SUBJECT: Annual Salary and Bonus Cap Certification for CCDF-funded activities

Note: To review specific authorizing language from Congress, please see Section 203 of the General Provision section of the Consolidated Appropriations Act, 2012. This memorandum updates and replaces prior year instructions from OEL dated April 30, 2020.

Note: Delayed release of this guidance (and revised processing due dates) in program year 2020-21 occurred, partially due to the COVID-29 pandemic and the need to prioritize related public health emergency activities.

Background:

Section 203 of the General Provision Section of the Consolidated Appropriations Act, 2012, enacted December 23, 2011, limits salary and bonus compensation for individuals who are paid by appropriated funds in the FY 12 HHS Appropriations Act, which also applied to FY 12 funds awarded under the Continuing Resolution that runs through March 2013. None of the funds available for expenditure on or after the date of enactment of the section (October 1, 2012) shall be used by a recipient or subrecipient of such funds to pay the salary and bonuses of an individual, either as direct costs or indirect costs, at a rate in excess of Executive Level II. This limitation shall apply to funds provided by contract, grant, or interagency agreement, but shall not apply to vendors/contractors providing goods and services as defined in OMB *Guidance for Grants and Agreements* 2 CFR Part 200.

Annually, entities receiving Child Care Development Fund (CCDF) funding from the Office of Early Learning (OEL) must certify to OEL that a review is performed to ensure that amounts over the cap are not charged to CCDF-funded activities. This certification shall include documentation of the review performed via the spreadsheet template provided.

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Definitions - Definitions of terms used in this guidance are listed as follows.

Actual Salary and Bonus – The amount of total salary and bonus compensation paid to an individual per W2 or equivalent payroll records.

Annual Salary and Bonus Rate – The annual full-time equivalent salary and bonus for an individual. For individuals that work full-time all year, the Annual Salary and Bonus Rate will equal the actual salary and bonus. For individuals that work part time and/or work only part of the year, the Annual Salary and Bonus Rate will be greater than the actual salary and bonus.

Child Care and Development Block Grant Act - The Child Care and Development Block Grant Act (CCDBG) of 2014 is bipartisan legislation that reauthorized the Child Care and Development Fund (CCDF) program for the first time since 1996 and made changes to protect the health and safety of children in child care, promote continuity of access to subsidy for low-income families, better inform parents and the general public about the child care choices available to them, and improve the overall quality of early learning and afterschool programs.

Child Care Development Fund (CCDF) Program - The CCDF child care program is often described as comprising three broad and overlapping areas of services.

- Child care financial assistance (subsidy);
- Health and safety; and
- Quality improvement activities.

One of the key goals of the CCDF program is to help more children from low-income families access higher-quality care. Subsidized child care services are available to eligible families through certificates or grants and contracts with child care providers. States provide access to information about child care financial assistance in many ways, including during enrollment for other public assistance online, at community and health events, through child care providers, and through child care resource and referral agencies. States may also require providers to participate in the state quality rating and improvement system or other quality improvement activities, as long as the requirement does not limit the types of providers available to families.

CCDF Annual Salary and Bonus Cap – The rate of basic pay for an Executive Level II position within the federal government. The CCDF annual salary and bonus cap is \$197,300 for calendar year 2020 and can be found at the following link: <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2020/EX.pdf>

CCDF-Funded Activity – An activity funded by a Child Care and Development Fund appropriation.

Staff – Employees of the entity whose salary are, in whole or in part, funded by CCDF appropriations.

Subrecipient – A subcontractor that has been determined to be a subrecipient under OMB *Guidance for Grants and Agreements 2 CFR Part 200.93, Subrecipient*.

Procedures: The following procedures should be completed by Early Learning Coalitions (ELCs) and other entities receiving CCDF funding from OEL for their staff and subrecipient staff that worked on CCDF-funded activities during a calendar year.

1. Complete the CCDF Salary Cap Calculation Calendar Year 2020 Worksheet for staff that worked on CCDF-funded activities during the calendar year following the steps detailed on page 3 of this memo.

For staff whose actual salary and bonus funded by CCDF activities exceeds the allowable CCDF salary and bonus cap, prepare and book adjusting journal entries to reduce the amount charged to the CCDF grants by **April 15, *OEL's revised 2020-21*** due date for the annual certification. Retain supporting documentation of the journal entries as part of your CCDF salary and bonus cap testing files, which will be reviewed by fiscal monitors during the next onsite visit. *Note: for more detailed instructions, please contact OEL staff.*

2. Ensure that CCDF salary cap testing is also completed for staff of your entity's subrecipients that worked on CCDF-funded activities during the calendar year and that any adjusting entries are booked by **April 15, *OEL's revised 2020-21*** due date for the annual certification.
3. Complete the Annual CCDF Salary Cap Analysis - Certification Form 2020.
4. Submit the Annual CCDF Salary Cap Analysis – Certification Form 2020 and CCDF Salary Cap Calculation Calendar Year 2020 Worksheet electronically to the following SharePoint Coalitions Zone site on or before close of business on **April 15**.

SharePoint Coalitions Zone site: **FMSAS Document Exchange-Restricted→2020-21 Salary Cap Testing**

Attachments:

Annual CCDF Salary Cap Analysis – Certification Form 2020
CCDF Salary Cap Calculation Calendar Year 2020 Worksheet

Steps to complete the CCDF Salary Cap Calculations – Calendar Year 2020 Worksheet

Step 1: **Columns A through H – Enter the annual salary and bonus data from calendar year 2020 for all active and exited/terminated staff.** *Note: To assist OEL with mandatory FFATA reporting, annual report filing and other legislative requests, we request you provide detailed 2020 salary information for all paid employees.*

Step 2: **Columns A through H - Determine the annual salary and bonus rate paid for the highest paid staff.** If the annual salary and bonus rate for that individual is less than the CCDF salary and bonus cap, no further actions are necessary. If the annual salary and bonus rate for this individual is greater than the CCDF annual salary and bonus cap, determine the annual salary and bonus rate for all staff greater than the CCDF annual salary and bonus cap and for the next highest paid staff member.

The annual salary and bonus rate for staff that worked full time all year will be the actual salary and bonus per W2 or equivalent payroll information. The annual salary and bonus rate will need to be calculated for staff that did not work full time all year. Below are examples of how to determine the annual salary and bonus rate.

- *Example 1:* If a staff member's actual salary and bonus per W2 or equivalent payroll information is \$100,000 and the staff member worked full time all year, the annual salary and bonus rate for the ELC staff member is \$100,000.
- *Example 2:* If a staff member's actual salary and bonus per W2 or equivalent payroll information is \$200,000 and the staff member worked full time all year, the annual salary and bonus rate for the ELC staff member is \$200,000.
- *Example 3:* If a staff member's actual salary and bonus per W2 or equivalent payroll information is \$100,000 and the staff member worked full time for half of the year, the annual salary and bonus rate for the ELC staff member is \$200,000.
- *Example 4:* If a staff member's actual salary and bonus per W2 or equivalent payroll information is \$100,000 and the staff member worked part time (4 hours per day or .5FTE) all year, the annual salary and bonus rate for the ELC staff member is \$200,000.
- *Example 5:* If a staff member's actual salary and bonus per W2 or equivalent payroll information is \$100,000 and the employee is an hourly paid ELC staff member that worked 1,040 hours during the year and the full time equivalent hours for the year is 2,080, the annual salary and bonus rate for the ELC staff member is \$200,000.

If the annual salary and bonus rate for staff members calculated in Steps 1 & 2 is less than or equal to the CCDF annual salary and bonus rate cap, **no further testing is necessary**. For staff whose annual salary and bonus rate calculated in Step 2 exceeds the CCDF annual salary and bonus rate cap, proceed to Steps 3 & 4.

Step 3: Columns I through J - Determine the prorated (allowable) amount of the CCDF salary and bonus cap. This step is necessary if the annual salary and bonus rate is above the CCDF salary and bonus cap for the calendar year.

Below are examples of how to determine the prorated (allowable) amount of the cap.

- *Example 2:* If a staff member's actual salary and bonus per W2 or equivalent payroll information is \$200,000 and the staff member worked full time all year, the annual salary and bonus rate for the staff member is \$200,000. \$10,000 of this staff member's actual salary and bonus was funded by CCDF which is 5 percent ($\$10,000/\$200,000$) of the annual salary and bonus rate; therefore, only 5 percent of the salary and bonus cap is allowed or \$9,865 ($\$197,300 \times 5$ percent).

Example 3: If a staff member's actual salary and bonus per W2 or equivalent payroll information is \$100,000 and the staff member worked half of the year, the annual salary and bonus rate for the staff member is \$200,000. \$25,000 of this staff member's actual salary and bonus was funded by CCDF which is 12.5 percent ($\$25,000/\$200,000$) of the annual salary and bonus rate; therefore, only 12.5 percent of the salary and bonus cap is allowed or \$24,662.50 ($\$197,300 \times 12.5$ percent).

- *Example 4:* If a staff member's actual salary and bonus per W2 or equivalent payroll information is \$100,000 and the staff member worked part time (4 hours per day) all year, the annual salary and bonus rate for the staff member is \$200,000. \$50,000 of this staff member's actual salary and bonus was funded by CCDF which is 25 percent ($\$50,000/\$200,000$) of the annual salary and bonus rate; therefore, only 25 percent of the salary and bonus cap is allowed or \$49,325 ($\$197,300 \times 25$ percent).

- *Example 5:* If a staff member's actual salary and bonus per W2 or equivalent payroll information is \$100,000 and the employee is an hourly paid staff member that worked 1,040 hours during the year and the full time equivalent hours for the year is 2,080, the annual salary and bonus rate for the staff member is \$200,000. \$75,000 of this staff member's actual salary and bonus was funded by CCDF which is 37.5 percent ($\$75,000/\$200,000$) of the salary and bonus rate; therefore, only 37.5 percent of the salary and bonus cap is allowed or \$73,987.50 ($\$197,300 \times 37.5$ percent).

Step 4: **Column K - Determine the amount of unallowable salary and bonus in excess of the CCDF salary and bonus cap.**

Below are examples of how to determine the amount in excess of the cap.

- *Example 2:* \$10,000 of this staff member's actual salary and bonus was funded by CCDF activities; however, only \$9,865 is allowable. The amount of unallowable salary and bonus is **\$135** (\$10,000 - \$9,865).
- *Example 3:* \$25,000 of this staff member's actual salary and bonus was funded by CCDF activities; however, only \$24,662.50 is allowable. The amount of unallowable salary and bonus is **\$337.50** (\$25,000 - \$24,662.50).
- *Example 4:* \$50,000 of this staff member's actual salary and bonus was funded by CCDF activities; however, only \$49,325 is allowable. The amount of unallowable salary and bonus is **\$675** (\$50,000 - \$49,325).
- *Example 5:* \$75,000 of this staff member's actual salary and bonus was funded by CCDF activities; however, only \$73,987.50 is allowable. The amount of unallowable salary and bonus is **\$1,012.50** (\$75,000 - \$73,987.50).