School Nutrition Unit

Wages and Stipends Frequently Asked Questions

This resource outlines Wages and Stipends Grant requirements to help sponsors prepare for a successful year implementing the grant. Subscribe to the School Nutrition Newsletter, the Dish, for the latest program updates, reminders and resources. This document will be updated as needed. New information will be highlighted in yellow.

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Grant Overview

1. **What is the Wages and Stipends grant?**
   The Wages and Stipends grant offers eligible school food authorities funding to provide wage increases or stipends to frontline foodservice workers. SFAs are required to opt into the grant annually and complete a noncompetitive application to receive the funds.

2. **What school food authorities are eligible to participate in the Wages and Stipends grant?**
   SFAs participating in the Healthy School Meals for All program are eligible to apply for this funding.

3. **Are school food authorities required to provide wage increases or stipends to food service employees if implementing the Healthy School Meals for All program?**
   No. The Wages and Stipends funding is an optional grant and SFAs are not required to participate. The opt-in process and related application for the Wages and Stipends grant is separate from the HSMA opt-in process.

4. **How much funding is available each year?**
The amount of funding available will vary each year and is subject to appropriations. The amount is set annually based on the March revenue projections for the HSMA fund and the reserve percentage of the HSMA fund. Participating SFAs can expect to receive between $0.06 and $0.12 per lunch based on meals served two school years prior (for example, in School Year 2026-27, meal counts from School Year 2024-25 will be used to determine allocations). Sponsors that opt into the grant may receive at least $3,000, even if their calculated amount is lower.

   At minimum, sponsors that opt into the grant are eligible to receive $3,000 if their calculated amount is less than the minimum amount.

   > Example: Peaches School District served 100,000 lunches two school years ago. For the upcoming school year, allocations for the Wages and Stipends grant are $0.12 per lunch. Peaches School District is eligible to receive up to $12,000 (100,000 x $0.12).

   > Example: Apple School District served 15,000 lunches two school years ago. For the upcoming school year, allocations for the Wages and Stipends grant are $0.06 per lunch. Based on the allocation formula resulting in an amount under $3,000 (15,000 x $0.06 = $900), Apple School District is eligible to receive up to $3,000.

5. **Are school food authorities required to take their full funding allocation?**
No, SFAs are not required to take their maximum allocation and are encouraged to only apply for the amount of funding they are planning to spend. SFAs will submit a spending plan as part of their application which will detail how the requested funds will be used.

6. **When is the awarded funding available?**
Funding will be provided up front once the non-competitive application has been submitted and approved.

7. **What is the timeline for using awarded funds?**
SFAs are encouraged to use all funds in the fiscal year for which they were awarded. However, unspent funds can be rolled forward for one fiscal year (July 1 - June 30) and used in the subsequent fiscal year. Please see the Tracking and Reporting section of this FAQ for more information.

   SFAs who are unable to spend awarded funds in the awarded fiscal year or subsequent fiscal year are required to return unused funds to CDE.

8. **Are there flyers and/or communication that can be utilized to send out to staff?**
CDE has recruitment templates available which can be customized to promote the planned use of Wages and Stipends funding with staff.

Application

1. **How will school food authorities apply to receive Wages and Stipends grant funds?**
The non-competitive application for Wages and Stipends funds will open in the spring through GAINS, CDE's grant management system, for the following school year. The deadline to submit the application will be outlined in the annual Request for Applications.

2. **What does the application process look like?**
The non-competitive application process consists of short narrative questions along with the submission of a projected spending plan.

As part of the application process, SFAs will request their total funding amount or a portion of funding, depending on their planned operations. SFAs are not required to take the total amount of funding allocated and can request less funding if applicable to their spending plan.

3. **What documentation will need to be submitted during the application process?**
Participating SFAs must provide documentation on the SFA planned uses of funding to the CDE through the GAINs application portal. Appropriate documentation may include, but is not limited to, a written plan for the use of the funds and a link to the SFAs or school's proposed budget.

4. **What resources are available to support completing an application in GAINS?**
CDE's Office of Grants Program Administration maintains a GAINS Training website with additional resources to support GAINS applications. If you need additional support, you can submit a GAINS Help Desk ticket.

Allowable Uses

1. **What staff are eligible to receive a wage increase or stipend?**
Only employees that directly prepare and serve meals for the School Breakfast and/or National School Lunch Programs are eligible for a wage increase or stipend. These individuals include but are not limited to kitchen staff and kitchen managers who, based on their job descriptions, spend at least 70% of their time preparing meal ingredients, cooking and directly serving meals to students.

Preparing meal ingredients, cooking, and serving encompasses activities such as cleaning and dishwashing, paperwork and HACCP activities. A kitchen employee may have a job description that also includes training foodservice employees, menu planning, inventory, receiving, and ordering food for school sites and the employee may still qualify.

We encourage SFAs to work with their district Human Resources and/or payroll teams to ensure potential grant plans are in compliance with local district policies.

2. **Are there options to provide wage increases and/or stipends to other nutrition staff who do not meet the eligibility requirements for this grant? For example, warehouse workers, drivers or nutrition clerks.**
Staff who do not meet the eligibility requirements described in question 1 above are not eligible to receive wage increases and/or stipends from these grant funds. However, wage increases and/or stipends to other nutrition staff may be provided outside of these grant funds using the Nonprofit Foodservice Account (Fund 21 for public school districts) or General Fund. Please note that 2 CFR 200.430(f) provides additional detail for using federal funds as incentive compensation.

3. **Can SFAs give this as a bonus with an incentive of a minimum number of months of service (i.e. 3 months of service bonus)?**
Yes, SFAs have the option to determine how to utilize grant funding to increase wages and/or provide stipends. Stipends may be provided in a frequency the SFA determines as appropriate. Some examples of stipends may include providing incentives for a number of months of service, providing a stipend as a sign-on bonus or providing an end of year stipend.

4. **Can a school food authority choose to utilize a mix of wage increases and stipends?**
Yes, SFAs have the discretion to determine whether they would like to provide wage increases, stipends, or a mix of both to eligible employees. These plans should be detailed in the spending plan submitted during the application process.

5. **Will the funds provided per employee be the same for all food service staff? Including for nutrition managers?**
   No, wage increases or stipends do not need to be equal, however the SFA must include detail on how they plan to use the funds in the spending plan submitted during the application process.

6. **Is there a requirement for the minimum number of hours the employee must work? Example, a 7-hour employee versus a 3.5 hour employee.**
   There is no requirement on the number of hours an employee must work as long as the staff prepares meal ingredients, cooks and directly serves meals to students for at least 70% of their total work time.

7. **Will clerks that enter food service numbers, nutrition subs or employees that deliver and work in food warehouses receive these funds?**
   No, to qualify for these funds, the staff must directly prepare, cook or serve school meals for at least 70% of their time. Please see question 2 in this section for detail on options to provide wage increases and/or stipends to staff who do not meet grant eligibility requirements.

8. **Can staff that prepare, cook and serve meals for the Afterschool Snack Program, the Fresh Fruits and Vegetables Program or the Summer Food Service Program receive these funds?**
   Healthy School Meals for All programs, including the Wages and Stipend grant, is intended to support the National School Lunch and School Breakfast Programs. Staff whose time is primarily spent supporting ASP, FFVP or SFSP may not be eligible if they do not meet the eligibility criteria as specified in question 1 of this section. Please see question 2 in this section for detail on options to provide wage increases and/or stipends to staff who do not meet grant eligibility requirements.

9. **Can the funds be used to cover additional costs such as benefits that employers are required to pay (i.e. PERA)?**
   Funds can be used to cover increased benefits costs directly associated with the increase in wages or stipends. Grant funds cannot be used to cover benefit costs associated with the employee's scheduled salary placement.

   For example, if the scheduled salary for an employee is $15/hour, and they received a $0.50 raise from the grant funds, their new salary of $15.50 would be above the scheduled salary placement for the position. Only the benefit costs associated with the $0.50 raise would be allowable to cover from grant funds.

10. **Can the funding be utilized to maintain current wages?**
    The wages or stipends must be provided in addition to an employee's scheduled salary placement. It cannot be used to cover current wages but can be used to maintain wage increases from the initial year in subsequent years.

11. **Can funds be used for backfill/retro pay?**
    Yes, funds can be used for backfill/retro pay as long as the employee is eligible for the funds and the backfill/retro pay is in the same fiscal year as the funds were received.

Usage Examples

Peaches School District applied to receive $12,000 in Wages and Stipends funding for the upcoming school year. They have 10 eligible full-time employees that each work 2,080 hours per year. If they choose to divide the funding equally across eligible employees, each employee would receive $1,200 (including related benefit costs). Examples of how the funds may be provided to employees include:

SFA decides to utilize funds as a **wage increase**:

Each employee will receive an additional $0.57 per hour, assuming the employee works 2,080 hours per year ($1,200 per employee/2,080 hours per year = $0.57 per hour increase including related benefit costs).

SFA decides to utilize funds as a **stipend** provided to employees at any interval determined appropriate:

- Once a year = $1,200 stipend including related benefit costs.
- Twice a year = $600 stipend including related benefit costs ($1,200/2 times a year = $600).

SFA decides to utilize funds as a **wage increase** with any leftover funds utilized as an **end-of-year stipend**:

The SFA determines they will provide a $0.40 wage hourly increase which would utilize $8,320 out of the $12,000 funds received ($0.40 wage increase x 2,080 hours per year x 10 employees = $8,320). This would leave $3,680 ($12,000 total funds - $8,320 utilized for wage increases = $3,680 funds remaining) that may be utilized as an end-of-year stipend bonus. Therefore, each employee may receive $368 (including benefit costs) bonus at the end of the year ($3,680 remaining / 10 employees = $368 stipend bonus per employee).

Tracking and Reporting

1. **Will there be a tracking tool on expenditures?**
   Yes, SFAs will be required to track expenditures and fund usage. The CDE will review this documentation during the Administrative Review cycle.

2. **How should the grant be coded?**
   For School Year 2026-27, the Wages and Stipends grant project code is 3165 (source code 3000). This code must be used for tracking the funding allocated to each sponsor at the beginning of the fiscal year. CDE recommends sponsors use code 0150 while tracking stipends, code 0110 for tracking wage increases, and code 0200 for tracking benefits increases in the Chart of Accounts.

   Funds rolling forward to the next school year should be booked as deferred revenue with grant code 7482 (Grants Unearned Revenue).

3. **Where should the funds be deposited?**
   Wages & Stipends grant funds should be deposited into the Nonprofit Foodservice Account (Fund 21 for public school districts), and should be coded using the guidance listed in the question above.

4. **What documentation should SFAs maintain for this grant?**
   SFAs must track all expenditures related to the grant. Additionally, SFAs should maintain records showing how eligible employees qualify for grant funds, such as job descriptions, and payroll records detailing the wage increases or stipends eligible employees receive.

5. **How will the grant be monitored?**
Grant compliance will be assessed during the Administrative Review. SFAs should be prepared to provide their expenditure tracking, records which establish how employees who received wage increases or stipends through this grant qualify, and payroll records detailing the wage increases or stipends eligible employees receive.

6. **What happens if a SFA is found out of compliance with grant rules during an Administrative Review?**
During an Administrative Review, corrective action would be applied if funds were used for unallowable purposes. Part of that corrective action will be requiring the SFA to reallocate those funds to allowable expenses.

   For example, if an SFA used $2,000 as stipends for delivery drivers (who are not eligible for grant funds as they do not cook, prepare or serve meals), the SFA would need to "pay back" the grant by using $2,000 to provide raises and/or stipends to eligible employees. The SFA could use their nonprofit foodservice account (if the expense is allowable from the Nonprofit Foodservice Account) or their general fund for the allocation.

Meal Vendor and FSMC Contracts

1. **How should sponsors contracting with an FSMC administer the Wages and Stipends grant?**
Under an FSMC contract, foodservice employees may be employees of the SFA, or of the FSMC. In both scenarios, foodservice employees staffed at school sites and district central production facilities can still receive wage increases and/or stipends if they meet the criteria described in the Allowable Uses section of this resource.

   If the foodservice employees are employees of the FSMC, the sponsor should work closely with the FSMC to ensure the employees receiving funds from this grant are eligible and they meet the tracking the reporting requirements of the grant. The FSMC should be prepared to share additional documentation during the Administrative Review, such as job descriptions and payroll records. As with other aspects of the FSMC contract, it is the SFAs responsibility to monitor FSMC performance to ensure compliance with grant requirements.

2. **What are the considerations for FSMC cost-reimbursable contracts, if foodservice employees are employees of the FSMC?**
For cost-reimbursable contracts, sponsors and FSMCs can generally easily incorporate the Wages and Stipends grant. The FSMC would provide wage increases and/or stipends to eligible employees based on the spending plan submitted in the application. The FSMC is responsible for maintaining eligibility and grant usage information for employees (ie, job descriptions, payroll records), and should on a monthly basis provide information to the sponsor on any grant funds used so the sponsor can maintain accurate expense tracking records. The sponsor can pay a portion of the invoice from Wages and Stipends grant funds.

   For example, an FSMC provided a stipend of $300 each to four employees who work at school sites. The FSMC would provide detail on the invoice that a total of $1,200 in stipends were provided to eligible employees that month. The SFA can pay $1,200 of the invoice cost from their Wages and Stipends grant funds.

3. **What are the considerations for FSMC or vended meal fixed-fee contracts, if foodservice employees are employees of the FSMC/meal vendor?**

   There are two options available for the Wages and Stipends program for fixed-fee contracts:

   1. The SFA can choose to manage the Wages and Stipends program outside of their fixed-fee contract. In this model, the SFA would pay a stipend directly to the eligible FSMC/meal vendor employees and complete all tasks associated with the disbursement of funding. The FSMC/meal vendor would not receive any funding from the program, but would be asked to provide job descriptions so the SFA could document that the employees were eligible to receive funds.

      For example, a meal vendor may staff two eligible employees at school sites. The SFA can provide stipends directly to those individuals. No Wages and Stipends fund would be paid to the vendor in this instance.

   2. The wage increases and/or stipends can be incorporated into the proposed per-meal rate. In this model, the SFA will provide an estimated funding amount in the RFP or renewal and the costs will be reflected in the fixed price per meal. The fixed fee rate covers all costs associated with administering the Wages and Stipends program. Please note that, for vended contracts, eligible employees would need to be staffed at school sites or district buildings - employees working at the vendor's facility would not be eligible to receive Wages and Stipends grant funds.

      For example, an FSMC provided a stipend of $300 each to two employees who work at school sites. The FSMC would provide detail on the invoice that a total of $600 in stipends were provided to eligible employees that month. This $600 would not be an additional charge to the SFA, it should be incorporated into their fixed price per meal. The SFA can pay $600 of the invoice cost from their Wages and Stipends grant funds.

4. **What resources are available for sponsors contracting with a FSMC or meal vendor?**

   CDE provides contract language for contract renewals, amendments and new contracts for sponsors working with a FSMC or meal vendor. The contract language details the funding allocation formula and FSMC/meal vendor responsibilities with the grant.

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