



CDE Update: Hazardous Pay and Stipends for Employees funded with Early Learning and Care Contracts

Contractors may not issue stipends to employees using California Department of Education (CDE) contract funds. However, contractors may issue hazardous pay to employees, if they have the funding to do so. Please note that hazardous pay applies to those directly employed by the contracting agency and does not apply to providers.

Hazardous pay must adhere to the following guidelines:

- Is reasonable for the services rendered
- Is paid pursuant to an agreement entered into in good faith between the agency and the employee
- Conforms to established written policies and procedures of the agency
- Is consistently applied to both federal and non-federal activities

Hazardous pay must be issued equitably, regardless of the funding source for each employee. Meaning, if a contractor has two employees with substantially similar duties, and the employees are funded by two different income sources, the two employees must receive similar hazardous pay, regardless of the availability of funds within each income source.