

REVENUE FROM NONPROGRAM FOOD TOOL WORKBOOK

The purpose of the calculator in the revenue from nonprogram food tool is to comply with section 206 of the Healthy, Hunger-Free Kids Act which requires SFA's to annually compare the percentage of funds in the child nutrition account expended on program and nonprogram foods compared to the revenue generated for each. To be in compliance with this provision, the percentage of revenue from the sale of nonprogram foods must be equal or greater than the percentage of the food cost expended to purchase the nonprogram food. This is to ensure that SFA's are not subsidizing nonprogram food sales with money intended to subsidize their program meals.

To assess compliance, SFA's must enter the required data elements into the Nonprogram Revenue Calculator that is representative of the financial information for the period of July 1 through June 30 of the most recently completed school year. The four (4) data elements that are utilized in the calculator to assess compliance are: 1) the cost of reimbursable meal food, also called program food (the cost to produce the reimbursable meals served); 2) The cost of nonprogram food (the cost to produce the food outside of the reimbursable meals served); 3) The revenue received from the sale of nonprogram food; 4) Total revenue received. SFA's should use this document to calculate the data element to enter into their tools. These must be completed annually and maintained on file for review prior to establishing a la carte prices in the new school year.

Residential Child Care facilities that provide free meals to non-child nutrition staff can satisfy this annual requirement by either completing the calculator or by maintaining documentation to show that alternate funds were provided on a per meal basis that covers the cost of the food, supplies, labor and commodity contribution for each meal served to non-child nutrition staff and were also provided for any non-reimbursable meal services served to children (example, suppers and evening snacks). Nonprogram costs to an RCCI is the cost associated with the food provided to non-child nutrition staff and non-reimbursable meal services provided to children such as suppers or evening snacks. Alternate funds should be paid to the foodservice account to cover these costs. These alternate funds are considered the non-program revenue to the child nutrition program.

The nonprogram revenue calculator is an excel workbook available on SCN's or USDA's website.

Nonprogram Revenue Calculator		
Enter the cost for reimbursable meal, cost of nonprogram food and total revenue		
Cost for Reimbursable Meal Food		
Cost of Nonprogram Food		
Total Food Costs	\$	-
Total Nonprogram Food Revenue		
Total Revenue		
Minimum portion of revenue from nonprogram funds		0%
Minimum Revenue Required from the Sale of Nonprogram Foods	\$	-
Additional Revenue Needed to Comply	\$	-

Definitions

Non Program Food: Any food or beverage sold other than reimbursable meals that are purchased using funds from the nonprofit school food service account. This includes food sold a la carte, adult meals, vending machines, fundraisers, school stores, catered events, vended meals, SFSP and CACFP At-Risk meals.

Total Food Costs: The cost of the food used to produce all meals and foods sold as is calculated when conducting a monthly physical inventory. Beginning inventory (+) Food Invoices and Value of USDA foods received (-) Ending inventory = Cost of food used.

Physical Inventory: A monthly physical count of all of the food on hand and the monetary value of the food on hand at the end of the month and the cost of the food used in the month.

Program Food: Food used to produce meals for the School Breakfast Program (SBP), National School Lunch Program (NSLP), Afterschool Care Program (ASCP) and the Fresh Fruit and Vegetable Program (FFVP).

IDENTIFYING THE COST ELEMENTS

In order to identify the program and nonprogram food costs to enter into the calculator, SFA’s must first identify the total cost to produce all of the food in the previous year. The cost of food used is calculated monthly when conducting a physical inventory in each school. The sum of the cost of food used for each school for each month in the year is the total food cost for their district or organization.

COST OF FOOD USED IN SCHOOLS									
MONTH	School A	School B	School C	School D	School E	School F	School G	School H	MONTHLY TOTAL COST OF FOOD USED
JULY	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
AUGUST	\$8,769.00	\$6,789.00	\$5,679.00	\$8,856.00	\$7,895.00	\$7,769.00	\$7,900.00	\$9,876.00	\$63,533.00
SEPTEMBER	\$10,897.00	\$12,453.00	\$10,786.00	\$9,879.00	\$11,256.00	\$10,987.00	\$11,245.00	\$9,870.00	\$87,373.00
OCTOBER	\$11,567.00	\$12,345.00	\$11,567.00	\$13,456.00	\$14,325.00	\$10,965.00	\$11,563.00	\$9,983.00	\$95,771.00
NOVEMBER	\$9,875.00	\$11,245.00	\$9,986.00	\$9,987.00	\$10,743.00	\$9,876.00	\$10,112.00	\$8,976.00	\$80,800.00
DECEMBER	\$8,769.00	\$9,986.00	\$8,675.00	\$8,034.00	\$9,038.00	\$7,969.00	\$9,456.00	\$79,054.00	\$140,981.00
JANUARY	\$10,678.00	\$12,754.00	\$11,043.00	\$10,234.00	\$11,235.00	\$11,134.00	\$10,987.00	\$10,342.00	\$88,407.00
FEBRUARY	\$11,574.00	\$12,567.00	\$11,567.00	\$10,732.00	\$11,942.00	\$11,864.00	\$11,054.00	\$10,043.00	\$91,343.00
MARCH	\$10,965.00	\$11,987.00	\$10,965.00	\$10,043.00	\$11,052.00	\$11,023.00	\$10,942.00	\$9,256.00	\$86,233.00
APRIL	\$11,267.00	\$12,056.00	\$11,432.00	\$10,521.00	\$11,567.00	\$11,342.00	\$11,653.00	\$10,432.00	\$90,270.00
MAY	\$8,493.00	\$7,254.00	\$5,837.00	\$8,903.00	\$7,820.00	\$7,292.00	\$7,230.00	\$9,327.00	\$62,156.00
JUNE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL COST OF FOOD USED	\$102,854.00	\$109,436.00	\$97,537.00	\$100,645.00	\$106,873.00	\$100,221.00	\$102,142.00	\$167,159.00	
TOTAL YEARLY FOOD COST FOR ALL SCHOOLS									\$886,867.00

In this example, the total food cost for the school year was \$886,867.00. Next the food cost of the reimbursable meals and all other foods must be allocated.

DATA ELEMENT 1: COST FOR REIMBURSABLE MEAL FOOD

To determine the proportion of costs to allocate as the cost for reimbursable meal food, the SFA must cost out a week of menus for each menu type they served during the previous school year for each meal type and age/grade group served. The average cost of each is then multiplied by the number of reimbursable meals claimed in the previous year to determine the cost of reimbursable meal food that is entered into the calculator.

SFA's must utilize production record information in order to account for student choice and OVS when determining the average cost of the meals. This can be calculated manually utilizing the guidance provided in the pre-costing presentation on the SCN website or by utilizing the pre-cost feature in the inTEAM menu compliance software. A common mistake made by SFA's is not calculating the cost of their reimbursable meals correctly. This will result in too much of the total cost of food being attributed to reimbursable meals and at times may result in the cost of reimbursable meals to be greater than the total cost of food.

1 week Breakfast Menu Cost	Cost	Claimed	Total
Elementary _____	_____	_____	
Middle _____	_____	_____	
High School _____	_____	_____	
Total Cost of Program Breakfast Meals			<input type="text"/>
			(Plus)
1 week Lunch Menu Cost			
Elementary _____	_____	_____	
Middle _____	_____	_____	
High School _____	_____	_____	
Total Cost of Program Lunch Meals			<input type="text"/>
			(Plus)
1 week Snack Menu Cost			
All _____	_____	_____	<input type="text"/>
			(Equals)
Total Cost of Program Food			_____

*The amount of funds expended on FFVP is the same amount received in revenues. Even though this is considered program expenditures and revenues, it is not necessary to enter this information into the tool to determine compliance.

DATA ELEMENT 2: COST OF NONPROGRAM FOOD

In order to calculate the cost of the nonprogram food, the SFA will simply subtract the total cost of reimbursable meal food from the total cost of food used.

Total Cost of Food Used	_____
(Minus)	
Total Program Food Cost	_____
(Equals)	
Total Non Program Food Cost	_____

If the total nonprogram food cost appears to be too low, revisit the procedures used in calculating the cost of food used in your schools monthly inventory. A common problem identified is that the value of USDA foods was not utilized in calculating the cost of the USDA foods used out of inventories.

IDENTIFYING THE REVENUE ELEMENTS

DATA ELEMENT 3: TOTAL REVENUE

The third data element is the total amount of revenue received in the foodservice account in the previous school year. This information should be obtain through your districts accounting system, for public school sponsors this will be MUNIS. This does not have to be audited information since SFA’s should complete this calculator prior to setting a la carte pricing for the upcoming school year.

Total Revenue _____

DATA ELEMENT 4: TOTAL NONPROGRAM FOOD REVENUE

In order to calculate the total amount of revenues received for the year for nonprogram foods, the SFA will need to subtract the total program revenue from the total revenue received for the school year. Program revenue is the federal reimbursement received for the SBP, NSLP and ASCP, plus any money collected from paid and reduced status students for their reimbursable meals.

Step 1: Identify total program revenues

Federal reimbursement received for SBP, NSLP and ASCP _____

Student portion collected for paid and reduced meals _____

Total Program Revenue _____

Step 2: Subtract program revenues from total revenue to calculate nonprogram revenue.

Total revenue: _____

(Minus) Program revenue: _____

Total Nonprogram Revenue _____

INTERPRETING THE TOOL

If the calculator indicates that there is no additional revenue needed to comply with the regulation, the SFA is in compliance.



Nonprogram Revenue Calculator		
Enter the cost for reimbursable meal, cost of nonprogram food and total revenue		
Cost for Reimbursable Meal Food	\$	50,000
Cost of Nonprogram Food	\$	5,000
Total Food Costs	\$	55,000
Total Nonprogram Food Revenue	\$	15,000
Total Revenue	\$	150,000
Minimum portion of revenue from nonprogram funds		9%
Minimum Revenue Required from the Sale of Nonprogram Foods	\$	13,636
Additional Revenue Needed to Comply	\$	-

*Ensure that the amount of Total Revenue entered is higher than the Total of Nonprogram Food Revenue reported. If so, then re-visit how the data elements were calculated including the procedures for conducting inventory and determining the average cost of reimbursable meals.

If additional revenue to comply is identify, the SFA is out of compliance with the regulation and must increase their prices for their nonprogram foods in the upcoming school year.

USDA FOOD AND NUTRITION SERVICE

Nonprogram Revenue Calculator		
Enter the cost for reimbursable meal, cost of nonprogram food and total revenue		
Cost for Reimbursable Meal Food	\$ 50,000	
Cost of Nonprogram Food	\$ 5,000	
Total Food Costs	\$ 55,000	
Total Nonprogram Food Revenue	\$ 10,000	
Total Revenue	\$ 150,000	
Minimum portion of revenue from nonprogram funds		9%
Minimum Revenue Required from the Sale of Nonprogram Foods	\$ 13,636	
Additional Revenue Needed to Comply	\$ 3,636	

$\frac{\text{Nonprogram Revenue}}{\text{Total Revenue}}$	$<$	$\frac{\text{Nonprogram Food Cost}}{\text{Total Food Cost}}$
<p>OUT OF COMPLIANCE</p>		

WHEN THE TOOL INDICATES THAT AN INCREASE IS NEEDED

When the tool indicates that there is not enough revenue generated from the sale of non-program foods, the SFA should determine the reason for noncompliance and where an increase may be needed. Once that is determined, the SFA should complete the corrective action plan and maintain on file with all other related documentation.

1. Identify the cost of all a la carte items and their cost to ensure that prices charged cover the cost to obtain them plus a markup to cover labor.
2. Items sold a la carte from a reimbursable meal should always cost more than the price of the reimbursable meal itself.

Example: The reimbursable lunch planned is a slice of pizza, apple, side salad and milk for \$2.25. The a la carte price to purchase a slice of pizza is \$1.25; milk is \$.40; apple is \$.40 for a total of \$2.05. In this instance what the child purchased a la carte meets the criteria of a reimbursable meal using OVS guidelines. By insufficient pricing of a la carte items, the child nutrition program is not only in competition with the reimbursable meal, but has effectively subsidized the sale of nonprogram food with federal funds.

3. Adult Meals, second meals and visitor meal prices: Non-reimbursable prices should include the cost of the food used for the items, labor, supplies and the value of any USDA entitlement and bonus USDA Foods used to prepare the meal. See FNS Instruction 782-5 REV. 1
4. Catering and purchasing food for other entities within the district: SFA's should ensure that all costs of providing such services are recovered. See USDA Policy Memo SP 13-2014.
5. Keep in mind all nonprogram foods do not have to be marked up the same amount.
6. Less healthy food should be marked up by a greater amount than healthy choices.
7. Accounting of revenues and expenses should be properly reported. Example, food items purchased on behalf of others in the districts should be recorded as revenue to the foodservice account and should not be recorded as a credit (reduction) to food expenses.

ALTERNATE ASSESSMENT

The nonprogram revenue calculator must be completed annually and maintained on file for validation during an Administrative Review. If an SFA has not properly conducted monthly physical inventory in all of their schools they will need to complete the alternate assessment process below and maintain on file for the administrative review. If the alternate assessment was utilized in the year preceding an administrative review, the SFA should indicate in the resource management risk assessment that the nonprogram revenue calculator was **not** utilized.

SFA's should only use the alternate assessment when there is insufficient or inaccurate inventory data to enter into the calculator. All other data elements such as the pre-costing of meals in inTEAM (or using the manual methods demonstrated in the NPRT recorded series) must be completed and is not a valid reason to use the alternate assessment. The SFA **must** implement corrective action to their inventory procedures to ensure that the required data for the calculator will be available in order to complete the tool in the next fiscal year.

ALTERNATE ASSESSMENT

Instructions: Complete/answer each item below, conduct corrective action when indicated and maintain on file for validation during the administrative review.

1. Identify all non-program food items sold by the Child Nutrition Program and describe how it is ensured that the total revenue for these foods cover their total costs.
2. Provide information on the frequency the Child Nutrition Program reviews the prices charged for adult meals and a la carte items as well as the prices of the non-program items it may be purchasing for other departments in the district?
3. How do the prices of foods that may be sold both as part of a reimbursable meal and as an a la carte item compare?
4. Illustrate and /or provide sufficient information to demonstrate that the breakfasts and lunches served to adults (including teachers, other staff and parents) and second meals served to students are priced so that the payment is sufficient to cover the cost to prepare the meal (food, supplies and labor) plus the value of any USDA entitlement and bonus commodities used to prepare the meal.