

Reminder to check your Revenue from Non-Program Foods

For any school district that is purchasing food with the school food service account and selling it outside of the lunch and breakfast meal, a nonprogram revenue comparison tool must be filled out annually. This often gets missed as we check for its completion during the Administrative Review.

The 'Tool' is a quick Excel worksheet that compares the revenue accrued from nonprogram food, i.e. the sale of adult meals, second portions or meals sold to students, including milk, any a la carte offering after the meal, any catering such as cookies for class parties or cinnamon rolls for staff meetings and any other food that is purchased and not reimbursed to the food service account to the total revenue brought into the foodservice account. This percentage must be higher than the cost of the nonprogram food compared with total food costs for the same period.

The 05 School Foodservice account should already have two of these numbers: total revenue and total food costs. Setting up and coding sales and invoices for the two nonprogram items make this annual requirement easy.

Currently, 1600 is the code set up for Food Service revenue from Local Sources. Daily Sales for Non-reimbursable Program is 1620 and may be used to capture the revenue for adult meals, second milks, hamburgers, pizza, and separate a la carte sales while 1630 is the code for Special functions. This would be where revenue for catering, vending and other non-daily events should be coded to.

The final number needed to quickly run the tool is the food expense for nonprogram food only. All food should be coded to 630, but further codes could be set up for the ability to run cost analysis and set budgets by program. 631 could be used for food cost to produce school lunch; 632 for breakfast; 633 for afterschool snack and finally 634 to house the expense for non-program food for catering, vending and a la carte.

Using only the total from the 634 account, however, would not be totally correct as it does not contain food costs to produce adult meals, the home lunch milk or seconds. The total number sold of each should be multiplied by the food cost and added to the 634 account number. The average cost to produce a meal has been calculated nationally as \$3.81 and food costs are between 37% and 44% of the total cost. (<https://schoolnutrition.org/AboutSchoolMeals/SchoolMealTrendsStats/>) Therefore if the average food cost per meal is not known at the district level, use the national average for adult meal cost. The cost per milk and individual second items should be relatively easy to find.

The calculation for the nonprogram revenue tool should then be, from the 05 School Foodservice account:

Accounts 1620 + 1630 <u>(Revenue from nonprogram food)</u> Total Revenue	\geq should be equal or above	Account 634 + adult meal, milk, 2 nd food cost <u>(Food costs for non-program food)</u> <u>Account 630 (Total Food Expense)</u>
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If the calculation comes out with the food comparison higher than the revenue comparison, then the price the items are being sold for is not high enough. The price must be increased for the following year. The goal of this tool is to make sure that schools are not using federal reimbursement to subsidize adult meals, events or 'extras'. Reimbursement dollars should only be going toward the production of reimbursable meals.

The Non-Program Revenue Tool can be found on the USDA-FNS website:

<https://www.fns.usda.gov/cn/guidance-paid-lunch-equity-and-revenue-nonprogram-foods>