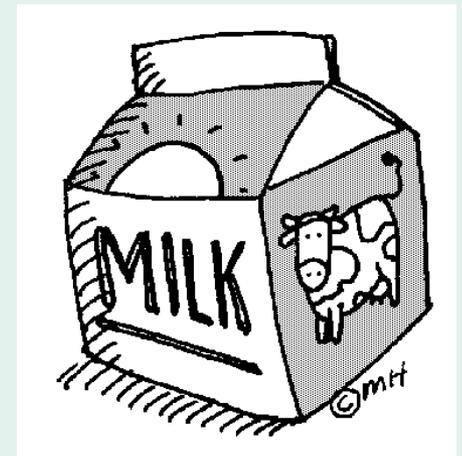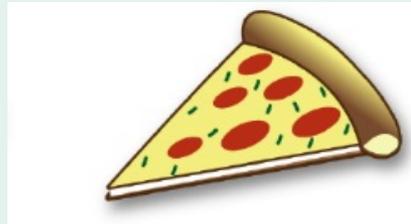# Indiana Department of Education
School and Community Nutrition

Revenue from Non-Program Foods

May 2017

Non-Program Foods

Non-Program Foods

- Non-program Foods – Foods and beverages sold in a participating school that are purchased using funds from the non-profit school food service account.

- Includes a la carte items, adult meals, items purchased with non-profit food service account funds for vending machines, fundraisers, school stores and for catered or vended meals.

Revenue from Non-Program Foods

- During an administrative review the field staff will review the non-program food costs and revenue.

- To ensure that revenue from the sale of non-program foods generate at least the same proportion as they contribute to the food costs.

- Revenue from reimbursable meals cannot support the costs of non-program foods.

Non-Program Foods Revenue

IDOE Website

http://www.doe.in.gov/nutrition/snp-pricing-guidance

Revenue from Non-Program Foods

- USDA Guidance on Paid Lunch Equity and Revenue from Non-Program Foods
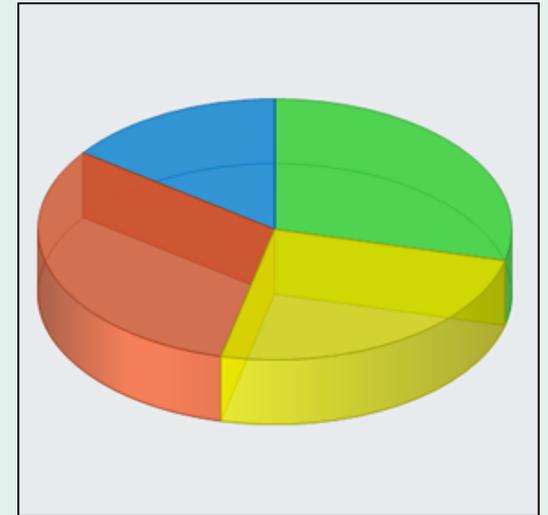- Revenue from Non-Program Foods Tool

Definitions

- 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), and the Fresh Fruit and Vegetable Program (FFVP)

Non-program Revenues and Costs

Be able to distinguish between:

- Food costs of reimbursable meals
- Food costs of non-program foods
- Revenue from non-program foods
- Total revenue

Exception

Schools that sell no non-program food or only adult meals and milk, can be given an from the Non-Program Food Revenue Tool.

- Milk prices must be over cost to SFA

- Adult meals must meet USDA required price by using one of the approved methods.

Non-Program Foods

- IDOE field staff will review the following to determine risk and compliance:

  - Food costs of reimbursable meals

  - Food costs of non-program foods

  - Revenue from non-program foods

  - Total Revenue

Revenue from Non-Program Foods

- **Revenue Ratio –**

$$\frac{\text{non-program revenue}}{\text{(program revenue + non-program food revenue)}}$$

- **Food Cost Ratio –**

$$\frac{\text{cost of non-program foods}}{\text{(cost of program foods + cost of non-program foods)}}$$

Revenue from Non-Program Foods Tool

Non-program 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	$ -

Cost of Nonprogram Food/ Total Food Costs

Minimum portion of nonprogram funds
x Total Revenue

Minimum Revenue required from the Sale of Nonprogram Food - Total Nonprogram Food Revenue

Revenue from Non-Program Foods

Example:

- Total Costs: $1,000,000 (all expenses)

- Total **Food** Costs: $500,000
  - Non-program Food Costs: $50,000
  - Reimbursable Meals Food Costs: $450,000

- Total Revenue: $1,000,000

- What is the minimum non-program food revenue?

Revenue from Non-Program Foods Tool

Non-program Revenue Calculator	
Enter the cost for reimbursable meal, cost of nonprogram food and total revenue	
Cost for Reimbursable Meal Food	$450,000
Cost of Nonprogram Food	$50,000
Total Food Costs	$500,000
Total Nonprogram Food Revenue	
Total Revenue	$1,000,000
Minimum portion of revenue from nonprogram funds (50,000/500,000)	10%
Minimum Revenue Required from the Sale of Nonprogram Foods	$100,000
Additional Revenue Needed to Comply needs to be >	$ −

Revenue from Non-Program Foods

Revenue Requirement

- Minimum proportion of revenue required from non-program food sales
  - $50,000/$500,000 = 10% revenue for non-program foods
- Minimum dollar revenue required from non-program food sales
  - 10% x $1,000,000 = $100,000

In this example if the SFA earns **$100,000** in revenue from non-program food sales, it is in compliance.

So, if the SFA has less than $100,000 in revenue from non-program foods, the SFA needs to **INCREASE** non-program food prices.

How to track?

Point of Sale System

- Add keys for additional items, extra entrees, etc
- Is there a cost component? Some POS systems allow for SFA costs of items to be entered into system

Production Records

- Use production records to help calculate number of extra entrees or sides
- Also can be used to calculate the number of entrees sold as extras

How to track?

Spreadsheet

Description	Price	Our Cost	15-Aug	15-Sep	15-Oct	Total	Revenue	Costs	Profit
Milk Low Fat 8oz.	$0.50	$0.22	4,310	3,132	1,921	31,098	$15,549.00	$6,841.56	$8,707.44
Milk Low Fat Pint	$1.50	$0.72	7,542	5,419	2,495	40,053	$60,079.50	$28,838.16	$31,241.34
Bottled Water 12oz.	$0.75	$0.25	3,201	3,458	1,762	29,117	$21,837.75	$7,279.25	$14,558.50
Large Drink	$1.25	$0.74	2,492	3,412	1,902	22,185	$27,731.25	$16,416.90	$11,314.35
String Cheese	$0.40	$0.21	1,106	903	617	7,995	$3,198.00	$1,678.95	$1,519.05
DejaBlue Water	$1.00	$0.61	6,147	5,495	3,736	44,717	$44,717.00	$27,277.37	$17,439.63
Juicy Juice Box	$0.75	$0.28	1,007	1,203	880	9,825	$7,368.75	$2,751.00	$4,617.75
Granola Bar Assorted	$0.75	$0.29	1,047	229	153	3,979	$2,984.25	$1,153.91	$1,830.34
WG Cookie	$0.50	$0.22	10,725	9,896	4,602	72,988	$36,494.00	$16,057.36	$20,436.64
Fruit Snacks	$0.80	$0.52	3,802	5,237	3,246	40,212	$32,169.60	$20,910.24	$11,259.36
Assorted Large Chips	$1.00	$0.27	21,770	19,963	12,181	187,595	$187,595.00	$50,650.65	$136,944.35
Ice Cream Cup	$0.75	$0.31	1,492	2,104	1,187	13,816	$10,362.00	$4,282.96	$6,079.04
Large Ice Cream	$1.00	$0.43	4,516	7,850	3,647	54,773	$54,773.00	$23,552.39	$31,220.61
							$504,859.10	$207,690.70	$297,168.40

Adult Meal Prices

- Adult meal prices must be high enough so they are not supported by reimbursable meal revenue as well.

- Adult meals must be the same food and quantity that is included in the student meal.

- A couple different approved methods to calculate the minimum adult meal price.

Adult Meal Prices

Free meal reimbursement +

Value of USDA entitlement (per meal) +

Value of any bonus USDA foods used to prepare meals

$3.22 (16-17 free reimbursement rate + extra $0.06) +

$0.23 (commodity value rounded up)

= **$3.45** (or higher if <u>bonus</u> USDA foods are received)

Adult Meal Prices

Student Paid Meal Price +

Paid Reimbursement +

Value of USDA entitlement (per meal) +

Value of any bonus USDA foods used to prepare meals

$2.50 (17-18 student paid lunch price) +

$0.36 (16-17 paid reimbursement rate + extra $0.06) +

$0.23 (commodity value)

= **$3.09** (or higher if <u>bonus</u> USDA foods are received)

Resources

- USDA Policy Memo SP 39-2011 – Revised, Child Nutrition Reauthorization 2010: Guidance on paid Lunch Equity and Revenue from Non-Program Foods

- USDA Policy Memo SP 13-2014 – School Food Service Account Revenue from the Sale of Non-Program Foods

- Guidance on Paid Lunch Equity and Revenue from Non-Program Foods

QUESTIONS

State Agency Contact

For questions about **Non-Program Foods, or Financial Management of the Food Service Account**, contact:

Tina Herzog
cherzog@doe.in.gov
(317) 232-0872

Dani Powers
dpowers@doe.in.gov
(317) 234-4378