Nonprogram Food Basics
Child & Adult Nutrition Services
South Dakota Department of Education

This institution is an equal opportunity provider.
Why is this important?

- The SFA’s total nonprogram food revenue must be equal to or greater than the total nonprogram food cost

  - Don’t sell your nonprogram food at a loss!
What is the rule?

- 7 CFR 210.14(f)
- FNS Memos SP20-2016 and SP39-2011

- The percentage of nonprogram food costs compared to total food cost must be less than or equal to the percentage of nonprogram food revenues compared to total revenues.

- This is calculated in the USDA Nonprogram Food Revenue Tool.
Nonprogram Food Calculation

**Revenue Ratio:**

\[
\frac{\text{Nonprogram Food Revenue}}{\text{Total Program + Nonprogram Revenue}} \geq 1
\]

**Food Cost Ratio:**

\[
\frac{\text{Nonprogram Food Cost}}{\text{Total Program Foods + Nonprogram Food Costs}}
\]
Nonprogram Foods

Any non-reimbursable foods and beverages purchased using money from the nonprofit school food service account

**Common Examples:**

- Purchased second entrees
- a la carte foods
- extra milks
- adult meals
- catering or vending machines
Adult Meals

- Teachers, parents, children that are not enrolled, other visitors
  
  - As long as your adult meal is exactly the same as your oldest menu grade group (for most schools grades 9-12), using the simplified adult meal price outlined in CANS Memo #56.2 will cover this requirement.

  - If your Adult Meal includes extra servings then a cost analysis must be completed to ensure that the cost of the program foods are covered by the adult paid price.
Adult Meal Prices...Why are they higher?

- Schools do not get reimbursed for adult meals
- Adult portions should reflect the same portions as student meals
- Staff meals directly involved in operation and admin of School Nutrition Programs
- Simple method to figuring the least amount allowed to charge adults:

  \[
  \text{Your Free Rate of Reimbursement} + \text{Federal Performance Rate of Reimbursement} + \text{Value Of USDA Foods}
  \]

  Ex: $3.25 + $0.06 + $0.2325 = $3.5425 \sim $3.54

  Adult breakfast must simply be higher than your free rate of reimbursement, ex: $2.09

Key area here is that Student meal reimbursement can’t be subsidizing the adult meal price.
Can we state that if a district wants their adults to have more then the general fund must be charged.
Movie ticket example  Adult price and child price get same thing

Other costs – Teachers asking for a stack of disposable bowls or other item. Must be charged out. Not an allowable cost for the nutrition program

Lunchroom supervision --- Depends.
CANS NSLP Memo #56
“Only the cost of meals served to adults directly involved in the operation and administration of the School Nutrition Programs may be added to and supported by the foodservice operation. Individuals preparing and serving food and responsible for clean-up of food service such as dishwashers may have the cost of their meals charged to the foodservice account. Any meal served to an adult or a child that is not enrolled in your school may not be claimed for reimbursement or counted toward the USDA Foods (commodity) entitlement.”
A la Carte

• A la carte food sales that are not a part of the program reimbursable meal
  ▫ Ex: sherbet, bottles of water, cookies, etc.
  ▫ The raw material cost of the foods, packaging, labor must be covered by the sales price.
Second Entrees or Meals

- If your school has the ability to do a cost analysis on each and every entrée or meal sold in addition to the reimbursable meal, please complete and document that analysis.

- If your school does not have the ability to complete a cost analysis on each entrée or meal sold in addition to the reimbursable meal, a reference period check may be used to gauge if your second entrée or second meal prices are set high enough.
  - This is based on guidance in FNS policy memo SP20-2016 (https://fns-prod.azureedge.net/sites/default/files/cn/SP20-2016os.pdf)
Non-Reimbursable Alternate Meals

• Alternate meals that are served to students that have a low or negative balance that are non-reimbursable are considered nonprogram foods.

• These meals need to be paid for some how – whether that be from the family or from a source of non Federal funds and cannot be paid out of the foodservice account.

• Your school should complete a cost analysis on the alternate meal to determine what should be charged and what to report in the NonProgram Food Revenue Tool.
Completing the Nonprogram Food Rev. Tool - What do I need?

• In order to complete the Nonprogram Food Revenue Tool, you will need the following:
  ▫ Cost for Reimbursable Meal Food
  ▫ Cost of Nonprogram Food
  ▫ Total Nonprogram Food Revenue
  ▫ Total Revenue

We will go through each of these items in the coming slides
<table>
<thead>
<tr>
<th>Nonprogram Revenue Calculator</th>
<th></th>
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</thead>
</table>

1. Cost for Reimbursable Meal Food
2. Cost of Nonprogram Food
3. Total Food Costs
4. Total Nonprogram Food Revenue
5. Total Revenue

<table>
<thead>
<tr>
<th>Cost for Reimbursable Meal Food</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of Nonprogram Food</td>
<td></td>
</tr>
<tr>
<td>Total Food Costs</td>
<td>$</td>
</tr>
<tr>
<td>Total Nonprogram Food Revenue</td>
<td></td>
</tr>
<tr>
<td>Total Revenue</td>
<td></td>
</tr>
</tbody>
</table>

Minimum portion of revenue from nonprogram funds: 4%

Minimum Revenue Required from the Sale of Nonprogram Foods: $ -

Additional Revenue Needed to Comply: $ -
How the Tool Works
## Non Program Food Revenue Tool

<table>
<thead>
<tr>
<th>Nonprogram Revenue Calculator</th>
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<tbody>
<tr>
<td>Enter the cost for reimbursable meal, cost of nonprogram food and total revenue</td>
<td></td>
</tr>
<tr>
<td>Cost for Reimbursable Meal Food</td>
<td>$8,000</td>
</tr>
<tr>
<td>Cost of Nonprogram Food</td>
<td>$990</td>
</tr>
<tr>
<td>Total Food Costs</td>
<td>$8,990</td>
</tr>
</tbody>
</table>

- Cost of Reimbursable Meal Food: $8,000
- Cost of Nonprogram Food: $990
- Total Food Cost: $8,990
As we can see in the tool $990 is 11% of the total food cost of $8,990.
Nonprogram Food Rev. Tool

• Therefore, we would need at least 11% of the total revenue to come from nonprogram foods to be in compliance with the tool

• Anything less than 11% would show that additional revenue would be needed to comply
• Anything more than 11% would be acceptable because it would be over and above the minimum
## In Compliance

### Nonprogram Revenue Calculator

Enter the cost for reimbursable meal, cost of nonprogram food and total revenue:

<table>
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<tr>
<td>Total Revenue</td>
<td>$12,000</td>
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Minimum portion of revenue from nonprogram funds: 11%

Minimum Revenue Required from the Sale of Nonprogram Foods: $1,321

Additional Revenue Needed to Comply: $
## Out of Compliance

### Nonprogram Revenue Calculator

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<tr>
<td>Cost for Reimbursable Meal Food</td>
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</tr>
<tr>
<td>Cost of Nonprogram Food</td>
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</tr>
<tr>
<td>Total Food Costs</td>
<td>$8,950</td>
</tr>
<tr>
<td>Total Nonprogram Food Revenue</td>
<td>$1,000</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$12,000</td>
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</table>

- Minimum portion of revenue from nonprogram funds: 11%
- Minimum Revenue Required from the Sale of Nonprogram Foods: $1,221
- Additional Revenue Needed to Comply: $21
Out of Compliance

- When an SFA finds themselves to be out of compliance with the tool they need to take two steps:
  1. Raise their nonprogram food prices
  2. Transfer the “additional revenue needed to comply” from a non Federal source into the School Food Service Account
    - Keep in mind: If you complete the tool using a reference period (anything less than 1 year), you will need to figure out the transfer amount for the entire year
Notice – when the cost of the non-program food raises, the percentage and minimum portion of revenue also raises

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<td>Total Nonprogram Food Revenue</td>
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<tr>
<td>Total Revenue</td>
<td></td>
</tr>
<tr>
<td>Minimum portion of revenue from nonprogram funds</td>
<td>20%</td>
</tr>
<tr>
<td>Minimum Revenue Required from the Sale of Nonprogram Foods</td>
<td>$ -</td>
</tr>
<tr>
<td>Additional Revenue Needed to Comply</td>
<td>$ -</td>
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Using a Reference Period

- As previously mentioned, USDA Memo SP20-2016 allows for the use of a reference period to complete the nonprogram revenue tool.
- The reference period can be a minimum of one week (4 or 5 days depending on your typical school week)
- When using a reference period make sure you are using the same period of time for all calculations
  - If you are using October 16 – 20 for a reference period make sure you use that week for everything
  - If you are using the whole month of November, make sure you are using the whole month of November in all of your calculations
Final Steps

• Once you have entered all of the information into the tool, save a copy of the tool and all of your documentation used to fill it out

• This is documentation that we will ask for during an Administrative Review so it is important to keep it together
CANS Nonprogram Reference Period Tool - Demo

• Can be found on the CANS NSLP website under the “School Meal Programs Requirements” dropdown, under the “Nonprogram Foods” heading.
Thank you!

- Questions?

- CANS Office:
  - 605-773-3413

- General Office Email:
  - DOE.SchoolLunch@state.sd.us

Please feel free to contact our office with any questions regarding the Nonprogram Food Revenue Tool.
NonProgram Food Revenue Tool
Professional Standards Training Credit print, sign, and date this certificate for your records

This training credits for 1 hour of training in
Key Area 3 – Administration 3000
3310: Meal Counting, Claiming, Managing Funds

Your Name:
Date of Training: