

Non-Program Food Setting Prices

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ALSDE Child Nutrition Programs

February/March 2024

New Directors' Training

Date: March 29, 2024



WEBEX RECORDING



**[Click here to access
Webex recording](#)**



BREAK *for a* PLATE

ALABAMA

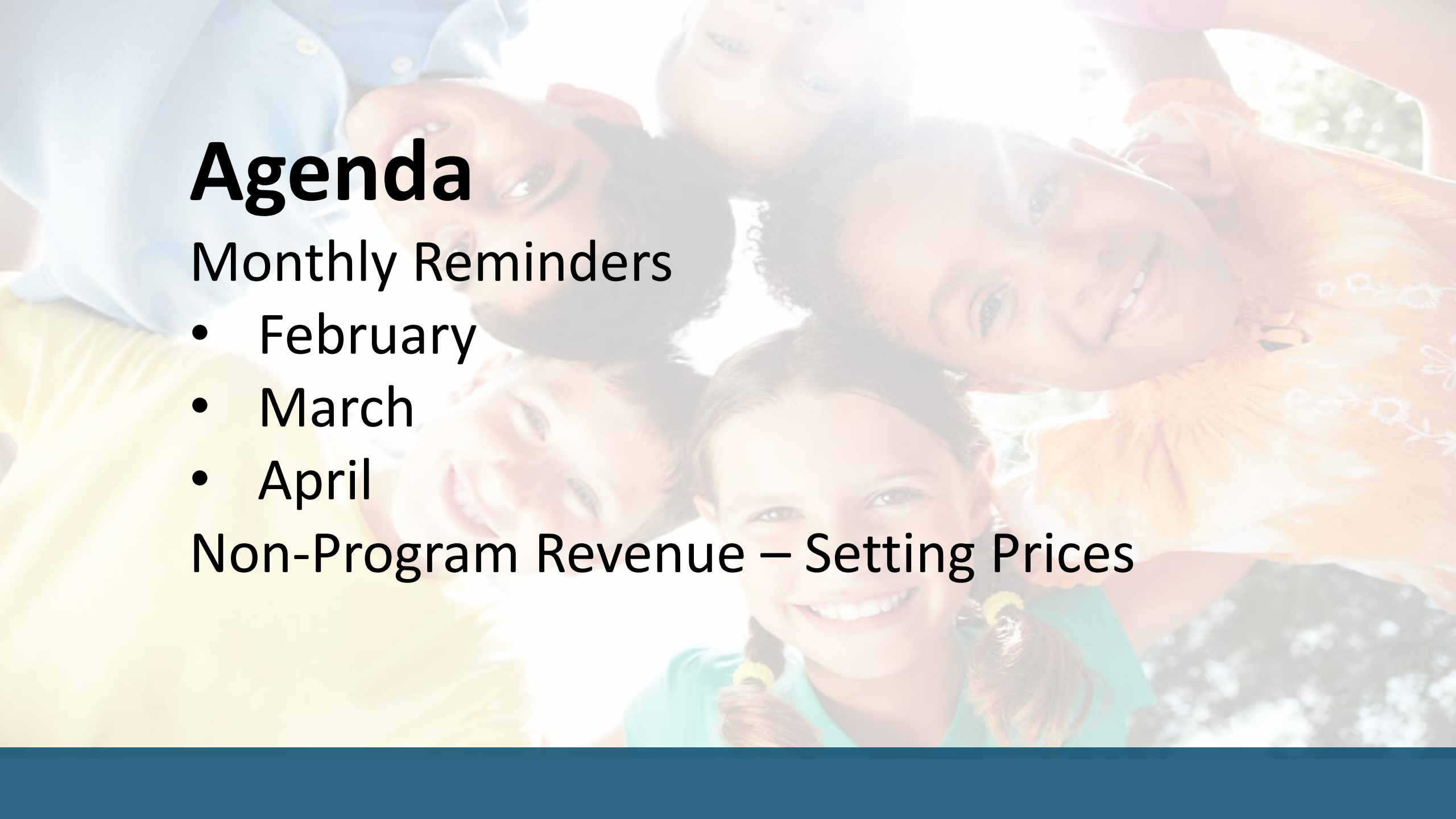
Learning Code

Event Name: Non-Program Food – Setting Prices

Event Date: March 29, 2024

Hours: 30 minutes

Professional Learning Code: 3000 Administration
– 3300 Pricing

A group of diverse children, including a boy in a blue shirt, a girl in a yellow shirt, and a girl in a green shirt, are smiling and huddled together, looking up at the camera. The background is bright and slightly blurred, suggesting an outdoor setting.

Agenda

Monthly Reminders

- February
- March
- April

Non-Program Revenue – Setting Prices

Monthly Reminders

- Submit claims for reimbursement by the 20th of the following month
- Review DC list in PowerSchool and the POS. Compare lists to ensure accuracy.
- **Reminder: April 1st ISP student data captured.**
- Check DC unmatched student as needed i.e., newly enrolled students, non eligible students with DC eligible siblings
- Poll CNP staff regarding retirements or separations for the upcoming SY
- Make a list of large and small equipment needs and start collecting specs
- Surplus unused equipment
- Schedule meeting with CSFO to begin budget planning for upcoming SY
- Collaborate with IT coordinator to evaluate hardware and software needs/upgrades for the upcoming SY

Monthly Reminders, cont'd

- Conduct managers' meeting
- Conduct site visits or follow up reviews, if applicable
- Make plans to celebrate School Lunch Hero Day, optional – 1st Friday in May
- Complete SFSP online application, if applicable
- Conduct SFSP training, if applicable
- Document management – determine documents that can be shredded. Arrange for shredding service. Contact mgrs with instructions
- Contact POS software company to request End of Year service
- Make revisions to online application for any program changes (snacks, mealtimes, operating days)

NONPROGRAM FOODS REVENUE

Purpose:

To ensure that revenues from the sale of nonprogram foods generate at least the same proportion of revenues as they contribute to food costs.



Refer to Memo Code:

SP20-2016 “Nonprofit School Food Service Account Nonprogram Food Revenue Requirements”
December 23, 2015

 United States Department of Agriculture	
Food and Nutrition Service Park Office Center 3101 Park Center Drive Alexandria, VA 22302	DATE: December 23, 2015 MEMO CODE: SP 20 - 2016 SUBJECT: Nonprofit School Food Service Account Nonprogram Food Revenue Requirements TO: Regional Directors Special Nutrition Programs All Regions State Directors Child Nutrition Programs All States
Section 206 of the Healthy, Hunger-Free Kids Act of 2010 (HHFKA) amended section 12 of the Richard B. Russell National School Lunch Act by adding paragraph (q) on nonprogram foods. This amendment established requirements related to the revenue from the sale of nonprogram foods. On June 17, 2011, the Food and Nutrition Service (FNS) issued an interim rule, <i>National School Lunch Program: School Food Service Account Revenue Amendments Related to the Healthy, Hunger-Free Kids Act of 2010</i> (76 FR 35301), amending the requirements related to revenue from nonprogram foods at 7 CFR 210.14(f). FNS also issued guidance related to implementation of section 206 in policy memorandums SP 13-2014 at http://www.fns.usda.gov/sites/default/files/SP13-2014os.pdf and SP 39-2011 at http://www.fns.usda.gov/sites/default/files/SP39-2011r.pdf. State agencies and school food authorities (SFAs) continue to pose questions regarding implementation of these requirements and the interaction with the existing revenue requirements found in 7 CFR 210.14(a). This memorandum provides guidance on the revenue requirements including options for assessing compliance to fulfill the requirements in section 206. Nonprogram Revenue Requirements Under subsection 12(q) of the Richard B. Russell National School Lunch Act and 7 CFR 210.14(f), SFAs are required to ensure: • All revenue from the sale of nonprogram foods accrues to the non-profit school food service account; and	

Revenue from nonprogram foods must be equal to or greater than cost of nonprogram foods.

SFA's are required to ensure:

All revenue from the sale of non-program foods accrues to the non-profit school food service account.

Revenue available to support the production of reimbursable school meals does not subsidize the sale of non-program foods.

In a Nutshell...

The % of nonprogram food revenue to total revenue must be greater than or equal to ($\geq$) the % of nonprogram food cost to total food cost.

$$\frac{\text{Nonprogram Food Revenue}}{\text{Total Program Revenue}} \geq \frac{\text{Nonprogram Food Cost}}{\text{Total Food Cost}}$$



DEFINITIONS

Non-Program Foods – include any non-reimbursable foods and beverages purchased using funds from the non-profit School food service account.

Ala Carte – items that are not part of the reimbursable meal and are sold separately from that meal

Non-Program Revenue – the overall category for items that are priced and sold separately from a reimbursable meal

Factors to Consider

- Demand
- Perceived Value
- Total costs to prepare the item
- Promotional activities (e.g., pricing foods with high nutritional value, such as fruit, at a lower cost to encourage higher sales)
- What the market will bear

Pricing Methods



Pricing Methods

TWO AND ONE-HALF TIMES COSTS METHOD -
determine the cost paid for the item
and multiply that cost by 2.5

Cost for one Salisbury Steak = \$.82
Multiply by 2.5 = \$1.78
Selling price = \$1.80



Pricing Methods

ICN Desired Food Cost Percent Mark Up

1. Determine the raw food cost of the item offered for sale
2. Identify the desired food-cost percentage markup
3. Establish a base selling price by dividing the item raw food cost by the desired food cost percent markup

Base selling price = $\frac{\text{Item's Raw Food Cost}}{\text{Desired Food Cost \% Markup (divided by 100)}}$

Base selling price = $\frac{\$0.52}{38/100 \text{ or } .38} = \1.3684



Pricing Methods

ICN – Overhead Contribution + Desired Profit Percentage

Selling Price =

Raw Food Costs

100% - (Total of Nonfood Cost Percentages + Profit Percentage)

Example

Selling Price =

\$0.52

= .52

100% - (65% for non-food costs+5% profit)

100% -70% =30%

=\$1.7333



A La Carte Prices vs. Reimbursable Meal

Reimbursable meal full price =
\$3.25

**Therefore, any combination of
items must be more than \$3.25**

Milk = \$1.00
Salad = \$1.00
Pizza = \$2.25
Total = \$4.25



Lower Pricing Considerations



Milk - \$.50

Fruit/Vegetables - \$.50

Entrée - \$2.75

Bread - \$.75

Ala Carte Pricing Worksheet

A La Carte Pricing Worksheet

- A. Enter data in green fields only
- B. Enter name of school district and sites selling a la carte items
- C. Complete the **Non-Program Pricing** tab by filling in the following information:
- A La Carte Items** Short name/description of the item being sold
 - Total Unit Cost** SFA cost to purchase the item
 - Actual Selling Price** Price charged to customers

Three examples have been entered to show how to complete worksheet using green fields.

A La Carte Items	Total Unit Cost	Recommended Selling Price	Actual Selling Price	Food Cost %
Milk (8 oz) <i>example</i>	\$0.23	\$0.58	\$0.55	41.82%
Pizza (10 slice) <i>example</i>	\$0.70	\$1.75	\$2.25	31.11%
Chips (104 ct) <i>example</i>	\$0.27	\$0.68	\$0.75	36.00%

The following columns will auto populate based on data entered in the blue fields.
Do not modify the formulas in these cells.

- Recommended Selling Price**
- Food Cost %**

- D. Use the **Recommended Selling Price** total to identify a price to charge customers.
The Food Cost % assists in identifying compliance.
The goal is to have a food cost percentage at or below 40%.
In this example, A SFA plans to sell a \$0.89 bottle of juice for a profit. They set a \$1.00 selling price

A La Carte Items	Total Unit Cost	Recommended Selling Price	Actual Selling Price	Food Cost %
100% Juice (8 oz) <i>ex</i>	\$0.89	\$2.23	\$1.00	89.00%

This puts the food cost percentage at 89%, which is too high; it should be at or below 40%.

Ala Carte Pricing Worksheet

A La Carte Pricing Worksheet

School District Name				
Schools Using These Prices				
Desired Food Cost Percentage:	40%	Food cost percentages above the industry standard of 38-40% are in jeopardy of non-compliance with the requirements in USDA Memo SP20-2016.		
A La Carte Items	Total Unit Cost	Recommended Selling Price	Actual Selling Price	Food Cost %
Milk (8 oz) example	\$0.23	\$0.58	\$0.55	41.82%
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Additional Foodservices

Additional food service examples:

Catering

Special school functions

Pricing include:

Food

Labor

Supply costs

PRICING OF ADULT MEALS IN THE NSLP AND SBP

Breakfasts and lunches served to teachers, administrators, custodians and other adults must be priced so that the adult payment in combination with any per-lunch revenues from other sources designated specifically for the support of adult meals (such as State or local fringe benefit or payroll funds, or funding from voluntary agencies) is sufficient to cover the overall cost of the lunch. Include the value of any USDA entitlement and bonus donated foods used to prepare the meal.

If cost data are not available, **the minimum adult payment should reflect the price charged to Students paying the school's designated full price, plus the current value of Federal cash (paid reimbursement for students) and donated food assistance (entitlement and bonus) for full price meals.**

PRICING OF ADULT MEALS IN THE NSLP

Adult Lunch Meal Pricing Calculation: **(Please note the rate are from SY 23-24 and will change each year.)**

\$2.50
+ .40
+ .02
+ .08
+ .2950
\$3.255

School's price for paying child's meal
Federal reimbursement for a paid meal
\$0.02 cent differential (If applicable)
Federal \$0.08 cent Certification
USDA donated foods
round up to = **\$3.30**

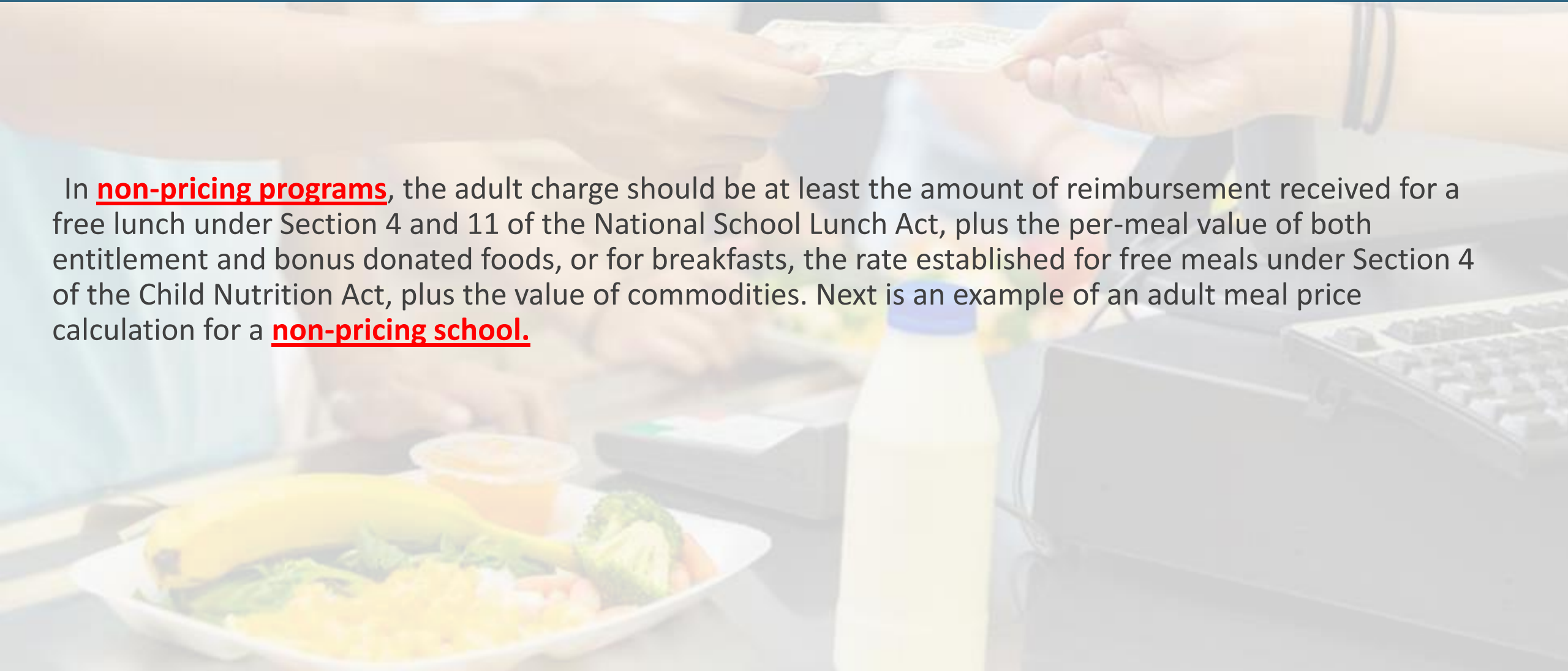
PRICING OF ADULT MEALS IN THE SBP

Adult Breakfast Meal Pricing Calculation: **(Please note the rate are from SY 23-24 and will change each year.)**

\$1.50	School's price for paying child's meal
+ .38	Federal reimbursement for a paid meal
+ .45	Severe Need Breakfast rate (If applicable. Please note this rate changes every year.)
+ .2950	USDA donated foods
<u>\$2.625</u>	round up to = \$2.63

NON-PRICING OF ADULT MEALS IN THE NSLP AND SBP

In non-pricing programs, the adult charge should be at least the amount of reimbursement received for a free lunch under Section 4 and 11 of the National School Lunch Act, plus the per-meal value of both entitlement and bonus donated foods, or for breakfasts, the rate established for free meals under Section 4 of the Child Nutrition Act, plus the value of commodities. Next is an example of an adult meal price calculation for a non-pricing school.



NON-PRICING OF ADULT MEALS IN THE NSLP

Adult Lunch Meal Pricing Calculation: **(Please note the rate are from SY 23-24 and will change each year.)**

\$4.25
+ .02
+ .08
+ .2950
\$4.645

Federal reimbursement for a Free meal
\$0.02 cent differential (If applicable)
Federal \$0.08 cent Certification
USDA donated foods
round up to = **\$4.65**

NON-PRICING OF ADULT MEALS IN THE SBP

Adult Breakfast Meal Pricing Calculation: **(Please note the rate are from SY 23-24 and will change each year.)**

\$2.28
+ .45

+ .2950
\$3.025

Federal reimbursement for a Free meal
Severe Need Breakfast rate (If applicable. Please note this
rate changes every year.)
USDA donated foods
round up to = **\$3.03**

PRICING OF ADULT MEALS IN THE NSLP AND SBP

Food Service Staff Meals

Meals served to adults that are directly involved in the production and service of the meals to children are considered program related adults. Meals may be served without charge to CNP employees at the discretion of the school board or School Food Authority (SFA). Meals served to CNP employees are allowable costs of the non-profit food service operation. CNP employees are defined as those employees that are responsible for the preparation, service, or operation of the CNP. At no time may employees that are non-program employees be provided meals without charge, except for employees conducting meal counts for meals served in the classroom. Principals and/or superintendents are not entitled to receive meals free of charge. The school district must reimburse the CNP program account for non-program adult meals provided without charge. As referenced in *USDA's Adult Meal Price Guidance FNS Instructions 782-5 Rev. 1*

Resources

Michigan Ala Carte Pricing Worksheet

<https://www.michigan.gov/mde/-/media/Project/Websites/mde/ohns/Fiscal/MDE-Ala-Carte-Pricing-Worksheet-SY22-23.xlsx?rev=868bb8bded904248b26b28720366a428&hash=09EEC115CA2CB93E8A0391C655CDFF36>

Connecticut Ala Carte Food Cost and Price Charged Comparison Worksheet

[https://portal.ct.gov/-/media/SDE/Nutrition/NSLP/Forms/A la Carte Food Cost Price Charged Worksheet.xlsx](https://portal.ct.gov/-/media/SDE/Nutrition/NSLP/Forms/A%20la%20Carte%20Food%20Cost%20Price%20Charged%20Worksheet.xlsx)

Wisconsin Non-Program Food Revenue Tool/Price Calculator

<https://dpi.wi.gov/sites/default/files/imce/school-nutrition/xls/non-program-food-price-calculator.xlsx>



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*This language was added pursuant to the May 5, 2022, USDA memorandum. However, the inclusion and applicability of this language is currently under challenge in the matter of *The State of Tennessee, et al. v. USDA, et al.*, Case No. 3:22-cv-00257, and may be subject to change.

Questions

Email:

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Subject Line: New Director Feb/Mar Webinar Question

Remember: Questions and answers will be compiled and shared via email.

