Understanding the Non Program Revenue Tool Tips

Montana Office of Public Instruction | School Nutrition Programs
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Nonprogram Food Revenue Rule 7 CFR Part 210 - All food sold in a school and purchased with funds from the nonprofit school food service account, other than meals and supplements reimbursed by the United States Department of Agriculture (USDA), must generate revenue at least equal to the full cost of such foods.

All nonprogram costs must be covered by revenues received from the sale of the nonprogram foods including:

- Food
- Labor
- Equipment
- Purchased services
- Other expenses

Nonprogram foods may not:

- Be supported by funds from reimbursable meals or have losses absorbed by the food service account.

If nonprogram food revenue runs in the negative:

- Non-federal funds must be transferred into the food service account to cover the deficit.

Nonprogram foods include any non-reimbursable foods and beverages purchased using funds from the nonprofit foodservice account to include, but not limited to:

- Extra entrees
- A la carte items
- Adult or visitor meals
- Milk
- Food service operated vending machines
- Foods sold outside school hours by food service
- Foods used for catering
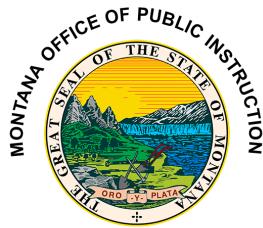
- Foods sold to classes or fundraisers
- Vended meals sold to other agencies (Joint)
- Any other foods for which the School Food Authority does not receive reimbursement from USDA

Nonprogram food revenue compliance requires all SFAs to:
- Separate nonprogram food costs from program food costs.
- Separate nonprogram food revenues from program food revenues.
- Sufficiently increase nonprogram food prices to cover all costs and comply with the revenue ratio.
- Use the USDA Nonprogram Food Revenue Tool annually, at a minimum, to determine if the proportion of nonprogram food revenue to total food service revenue is equal to or greater than the proportion of nonprogram food cost to total reimbursable meal food costs + nonprogram food cost.
    - Nonprogram Food Revenue Tool Version 1: https://dpi.wi.gov/sites/default/files/imce/school-nutrition/non-program-food-price-calculator.xlsx
   - Nonprogram Food Revenue Tool Version 2: https://www.fns.usda.gov/sites/default/files/cn/SP39-2011ra.xls

$$\frac{\textbf{Nonprogram Food Revenue}}{\textbf{(Nonprogram Revenue + Program Revenue)}} \geq \frac{\textbf{Nonprogram Food Costs}}{\textbf{(Nonprogram Costs + Reimbursable Meal Costs)}}$$
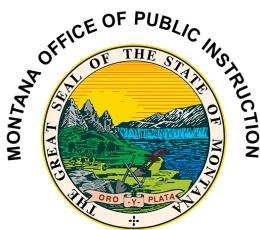
EXAMPLE:

In the example below, the cost for reimbursable meal food is $1,500 and the cost for nonprogram food is $500. When added together this equals a sum of $2,000 total food cost. $500 in nonprogram food cost is 25% of the $2,000 total food cost. Because the total cost of nonprogram food is 25% of the total food cost, the revenue generated from the sale of these nonprogram foods must be at least 25% of the total school food service account revenue. Since the nonprogram revenue of $1,000 is 25% of total food service revenue of $4,000, no additional nonprogram food revenue is needed to comply. If the nonprogram food revenue ratio was less than 25%, an increase would be required.

Cost for Reimbursable Meal Food	$1,500
Cost of Nonprogram Food	$500
Total Food Costs	$2,000
Total Nonprogram Food Revenue	$1,000
Total Revenue	$4,000
Minimum portion of revenue from nonprogram foods	25%
Minimum revenue required from the sale of nonprogram foods	$1,000
Additional revenue needed to comply	$ -
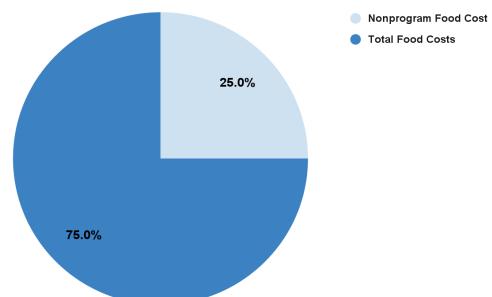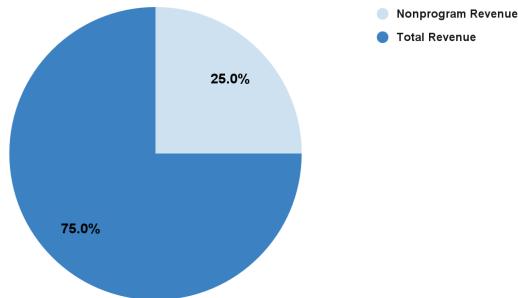
To complete the Non Program Revenue Tool (Using Version 1):
- Select a **reference period** of at least 5 consecutive operating days of a regular school week.
- Compare the **reference period revenue ratio** to the **reference period food cost ratio** to determine if the revenue ratio is equal to or greater than the food cost ratio. Rather than separating all costs for the entire year (although recommended), SFAs may separate their nonprogram food costs from their program food costs for the selected reference period. If the revenue ratio is equal to or greater than the food cost ratio, the SFA is in compliance.
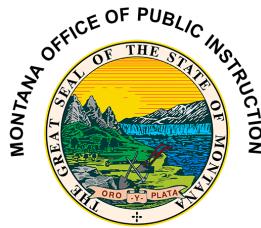
The following information should be collected for the reference period beforehand:

- ☐ For nonprogram food revenue, the dollar amount of nonprogram food sales.
- ☐ For total revenue, the dollar amount of program and nonprogram food sales.
- ☐ For nonprogram food cost data, include:
  - ☐ An itemization of all nonprogram foods to be offered during the reference period,
  - ☐ The per item/serving cost of each nonprogram food,
  - ☐ The number of servings/items sold for each nonprogram food.
- ☐ For program food cost data, include:
  - ☐ An itemization of all program foods to be offered during the reference period,
  - ☐ The per reimbursable meal cost of each program meal,
  - ☐ The number of reimbursable meals sold.
- ☐ For total food cost data, include all nonprogram food cost data and program food cost data.

Tool Exceptions – SFAs that sell only nonprogram milk and adult meals as nonprogram foods are exempt from completing the USDA Nonprogram Food Revenue tool. Although SFAs are still required to separate their nonprogram milk and adult meal costs from program costs and nonprogram milk and adult meal revenues from program revenues.

- **Nonprogram Milk:** Compliance is determined by recovering more than the per-serving cost. For example: If the per serving raw food cost of a carton of milk is $.21, a minimum charge of $.25 is allowable as $0.25 covers the food cost and adds a small amount to cover other costs.
- **Adult Meals:** Compliance is determined if adult meals are priced using the adult meal minimum price calculation, which for pricing schools, is calculated by taking the highest paid student meal price, adding all state and federal reimbursements, and adding the USDA foods value to equal the minimum price to charge. For non-pricing schools, the free federal reimbursement rate is used plus the state reimbursement and USDA foods value to equal the minimum price to charge.

Additional Resources

- Calculating Raw Food Cost Training by the Institute of Child Nutrition: https://theicn.docebosaas.com/learn/courses/114/BasicCulinaryMathCalculatingFoodCost
- USDA Memo SP20-2016 Nonprofit School Food Service Account Nonprogram Food Revenue Requirements: https://fns-prod.azureedge.us/sites/default/files/resource-files/SP20-2016.pdf