



MAINE DEPARTMENT
OF EDUCATION

Child Nutrition Financial Management Know your Numbers March 21, 2024

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Today's Objective

Understanding basic financial data to help analyze and direct the operation of school nutrition programs with fiscal responsibility and integrity.

FISCAL RESPONSIBILITY



Some of the slides and content come from the online course by iCN, "Financial Management". www.theicn.org

Financial Management Questions

Sources of revenue?

Categories of expenses?

Percentage of total revenue attributed to each category?

Percentage of revenue spent for labor or food?

Labor productivity index (Meals Per Labor Hour)?

Classification of Revenue from AFR

Income Section										
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
	Totals	School Lunch	Afterschool Snack Service	School Breakfast	Special Milk Program	Seamless Waiver Supper	Fresh Fruit & Vegetable Pgm FFVP	Summer Food Service Pgm SFSP	Child & Adult Care Food Pgm CACFP	(Non-Federal) Other Food Service
(1) Sales to Children	1,624.99	0.00	0.00	0.00	0.00				0.00	1,624.99
(2) Sales to Adults	199.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	199.80
(3) Loans/Interest	0.00									
(4) State Revenue Match	35,516.68	35,516.68								
(5) Federal Reimbursement	156,222.37	115,195.63	0.00	41,026.74	0.00	0.00	0.00	0.00	0.00	
(6) Other Income	180,484.60	135,335.85	0.00	45,116.86	0.00	0.00	0.00	0.00	0.00	31.89
(7) Rebates	0.00	0.00	0.00	0.00	0.00	0.00				0.00
(8) Income Totals	374,048.44	286,048.16	0.00	86,143.60	0.00	0.00	0.00	0.00	0.00	1,856.68

Classification of Expenditures from AFR

Expenses Section										
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
	Totals	School Lunch	Afterschool Snack Service	School Breakfast	Special Milk Program	Seamless Waiver Supper	Fresh Fruit & Vegetable Pgm FFVP	Summer Food Service Pgm SFSP	Child & Adult Care Food Pgm CACFP	(Non-Federal) Other Food Service
(9) Food Expense										
\$	149,965.01	108,424.85	0.00	40,404.44	0.00	0.00	0.00	0.00	0.00	1,135.72
%		72.30	0.00	26.94	0.00	0.00	0.00	0.00	0.00	0.76
(10) Labor Direct Preparation										
\$	121,683.24	91,183.54	0.00	30,499.70	0.00	0.00	0.00	0.00	0.00	0.00
%		74.94	0.00	25.06	0.00	0.00	0.00	0.00	0.00	0.00
(11) Equipment \$300 or less										
\$	365.24	365.24	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
%		100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(12) Equipment - More than \$300										
\$	13,096.80									
(13) Other										
\$	50,921.08	48,699.14	0.00	2,221.94	0.00	0.00	0.00	0.00	0.00	0.00
%		95.64	0.00	4.36	0.00	0.00	0.00	0.00	0.00	0.00
(14) Indirect Costs										
\$	0.00									
(15) Expense Total										
	336,031.37	248,672.77	0.00	73,126.08	0.00	0.00	0.00	0.00	0.00	1,135.72

Calculating Operating Ratios

Activity 1

F2023 Annual
Financial Report

Formula:
$$\frac{\text{Category Cost}}{\text{Total Revenue}}$$

Activity 1

Example: 2		Total Revenue:	\$ 1,003,569.00
Food Expenses	\$	392,921.00	
Labor & Benefits	\$	680,858.00	
Equipment	\$	10,000.00	
Other	\$	57,481.00	

Example: 3		Total Revenue:	
Food Expenses			
Labor & Benefits			
Equipment			
Other			

Operating Ratios - Calculating Percentages of Costs to Total Revenue

Total Revenue for the year:		\$ 2,365,264.00
Expenditure Category	Dollar Amount	% of Total Revenue
Food Expenses	\$ 799,820.00	34%
Labor & Benefits	\$ 1,025,992.00	43%
Equipment	\$ 12,050.00	1%
Other	\$ 95,573.00	4%
		82%

Operating Ratios

If total of all cost percentage is:

- Less than 100%, profitable
 - Equal to 100%, program breaks even
 - More than 100%, losing money
-
- Food Cost % of Revenue = 35-40%
 - Labor Cost % of Revenue = 50-55%
 - Other Cost % of Revenue = 5-10%

Breakeven = 100%

Factors that Can Affect Food Cost

- Overproduction / waste
- Portion Control
- Monitoring food costs/plate costs
- Inventory
- Giving extra food
- Theft

Ways to Lower Food Costs

- Set a goal for managing food costs. Allocate a percentage of revenue for food
- Monitor meal costs
- Use Standardized recipes, Cycle menus
- Portion control
- Avoid over production of food by forecasting. Consider weather, school activities and holidays
- Inventory Control
- Not allow 'leftovers' to be taken home
- Use more USDA foods and NOI products in your menu

Inventory Control - Calculating Cost of Food Used

Beginning Food Inventory (Purchased Food and USDA Foods)
+ Total Food Purchases (Purchased Food and USDA Foods)
= Total Food Available
- Ending Food Inventory (Purchased Food and USDA Foods)
= Cost of Food Used

Example	Monthly	End of Year
Beginning Inventory	\$ 8,000.00	\$ 8,000.00
Food Purchases	\$ 25,000.00	\$ 800,000.00
Food Available	\$ 33,000.00	\$ 808,000.00
Less: Ending Inventory	\$ 10,000.00	\$ 5,000.00
Cost of Food Used	\$ 23,000.00	\$ 803,000.00

Inventory Control

Example	Monthly	End of Year
Beginning Inventory		
Food Purchases		
Food Available		
Less: Ending Inventory		
Cost of Food Used		
Example	Actual Monthly	YTD
Beginning Inventory		
Food Purchases		
Food Available		
Less: Ending Inventory		
Cost of Food Used		

Meal Equivalents Conversion Formula

Meal Equivalents are used for converting breakfasts, snacks, supper and other nonprogram food sales (a la carte) to the equivalent of one reimbursable school lunch.

By converting meals & other food sales to meal equivalents, you can determine:

- Meal Cost
- Meals per labor hour
- The Average revenue earned per meal/meal equivalent.

Meal Equivalents Conversion Formula

- 1 lunch = 1 meal equivalent
- 3 breakfasts = 2 meal equivalents ($2/3 = .67$)
- 3 snacks = 1 meals equivalent ($1/3 = .33$)
- 1 supper = 1 meal equivalent
- Nonprogram food sales = revenue from nonprogram sales / (current free lunch) reimbursement (*\$4.25) + current USDA Foods value per lunch (*\$0.3960)

*free regular lunch rate F24

*USDA \$0.3960 F24 and \$0.45 F25

Calculating Meal Equivalents

Activity 2

Meal Equivalent Conversion: School X - Month: January

Meal Categories	Total Meals Served	Conversion Factor	Meal Equivalents	
Student Lunch	6,301	1	6,301	
Adult Lunch	10	1	10	
Student Breakfast	5,053	0.67	3,386	(5053 x .67)
Snacks	150	0.33	50	(150 x .33)
Supper	100	1	100	
Nonprogram Food Sales	\$ 125.00	$\$4.25 + \$0.3960 = \$4.62$	27	(125/4.62)
Total Meal Equivalents			9,873	

Meal Equivalent Conversion

Meal Categories	Total Meals Served	Conversion Factor	Meal Equivalents
Student Lunch		1	
Adult Lunch		1	
Student Breakfast		0.67	
Snacks		0.33	
Supper		1	
Nonprogram Food Sales		$\$4.25 + \$0.3960 = \$4.62$	
Total Meal Equivalents			

Using Meal Equivalent to Determine Meals Per Labor Hour

Example:

$$\frac{530 \text{ Meal Equivalents}}{56 \text{ Paid Labor Hours}} = 9.464 \text{ MPLH}$$

Meal Equivalent Conversion: 19 Days			
Meal Categories	Total Meals Served	Conversion Factor	Meal Equivalents
Student Lunch	332	1	332
Adult Lunch	10	1	10
Student Breakfast	266	0.67	178 (5053 x .67)
Snacks	8	0.33	3 (150 x .33)
Supper	5	1	5
Nonprogram Food Sales	\$ 7.00	\$4.25+\$0.3960= \$4.62	2 (7/4.62)
Total Meal Equivalents			530


Average Meals Per Day	0-50	50-100	100-150	150-200	200-300	300-400	400-500	500-600	600-700	700-800	800-900	<900
Scratch Cooking Target MPWH	8	9	12	12	14	14	15	16	17	18	18	19
Convenience Target MPWH	14	16	16	16	17	18	18	19	20	22	23	23



Using Meal Equivalent to Determine Meals Per Labor Hour

- [National School Lunch Program \(NSLP\) | Department of Education \(maine.gov\)](#)
- Management Forms – Meals Per Worker Hours and Goals

Meals Per Worker Hour Worksheet

School Name	X				District	ABC						
Month	January		Year	2024		Enrollment	400					
Free Reimbursement Rate (Lunch)	4.62											
Enter Number of Service Days	19		Total Meals Served	9745.98								
Enter Number of Student Lunches	6401		A La Carte Converted to Meals	27								
Enter Number of Student Breakfasts	5053		Total Meals/Meal Equivalents	9773								
Enter Number of Adult Lunches	10											
Enter Number of Adult Breakfasts	0		Average Meals Per Day	514								
Enter A La Carte Dollars	\$ 125.00											
Average Daily Labor Hours (excluding vacation, holiday, sick, etc.)	56											
			Total Meals Per Worker Hour									
			9.18518 									
Average Meals Per Day	0-50	50-100	100-150	150-200	200-300	300-400	400-500	500-600	600-700	700-800	800-900	<900
Scratch Cooking Target MPWH	8	9	12	12	14	14	15	16	17	18	18	19
Convenience Target MPWH	14	16	16	16	17	18	18	19	20	22	23	23
Your Lunch Participation Rate Is	84.22%				Your Breakfast Participation Rate Is 66.49%							
NOTE: consideration should be given to type of equipment, menu, number of lunch periods, serving styles												

Factors that Can Affect Labor Cost

- Not following scheduled work time – overtime,
- High wage and/or high benefit cost,
- Too many labor hour,
- Size of operation,
- Number of serving lines,
- Scheduling of lunch periods,
- Amount of a la carte items
- Skill level of employees
- Complexity of the menu
- Equipment

Next Step: Action Items

Activity 3

What are your financial goals?

List the steps to achieve this goal.

Who do I need to involve to help achieve this goal?



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