

Pricing Summer Food Service Program (SFSP) Adult Meals

In the SFSP, only meals served to children may be claimed for reimbursement. Reimbursement is NOT received for adult meals. Regulations require that adult meals be priced to cover the full cost of preparing the meal including the food supplies, labor, and other costs paid for by the sponsor.

Adult meals are broken into two categories:

1. **Program Adults:** individuals who work directly with the meal service as either volunteers or paid staff members.
2. **Non-Program Adults:** individuals who do not work in any direct way with the meal service at the site such as a parent or guardian, teachers, administrators, etc.

Meals may be served to program adults for free, however, the costs of the meals served to non-program adults may be counted as part of the sponsor's operating costs ONLY if the adult pays for at least the full cost of the meal. The price charged to non-program adults should cover the entire cost it takes to produce the meal.

If cost data is not available, the non-program adult charge should be at least the amount of reimbursement received for a free meal plus the value of cash-in-lieu of commodities. The 2022 reimbursement rates with cash in lieu of commodities are included below.

Combined Reimbursement Rate Per Meal

Type of Meal	Meals served at rural or self-preparation sites		Meals served at non-rural or vended sites	
	With Cash-in-Lieu-of-Commodities	Without Cash-in-Lieu-of-Commodities	With Cash-in-Lieu-of-Commodities	Without Cash-in-Lieu-of-Commodities
Breakfast	\$2.6200	\$2.6050	\$2.5700	\$2.5550
Lunch or Supper	\$4.5775	\$4.5625	\$4.5025	\$4.4875
Snack	\$1.0925	\$1.0775	\$1.0675	\$1.0525

The reimbursement rate received depends on whether the sponsor is rural or self-prep OR non-rural or vended. If you are unsure what rate you receive, look at the claims tab in KN-CLAIM or contact your Child Nutrition Consultant.

Calculating Cost Data

Cost data can be calculated in a variety of ways. Regardless of the calculation method used, documentation must be kept on file to demonstrate the adult meal price covers the entire cost it takes to produce the meal. Below are a few examples of how to calculate cost data.

Finding Cost Data – Example 1

Find the food cost per meal using the nonprogram foods tool, find labor and other cost per meal using the monthly financial report and then add the two numbers together to get a cost per meal.

Step 1: Finding Food Cost Per Meal

A large part of the costs associated with producing meals is food cost. To calculate food costs, pick a simple one-week menu and calculate the food cost per meal using invoices, recipes, serving sizes, etc. The first tab of the non-program foods tool can be used to assist with these calculations.

The non-program foods tool can be found on the KSDE CNW website, <https://cnw.ksde.org>, School Nutrition Programs, Food Service Facts, Chapter 15: Reviews & Audits. School sponsors should be filling this tool out on an annual basis.

Once the food cost for each day of the week is found, find the average food cost of the meals for the week. To do this, simply add the cost of each meal per day divided by the number of days served in that week.

Below is an example of two days completed on the menu costing tab on the nonprogram foods tool for breakfast. Please note that entrées are entered into the tan lines and all side items are entered into the green lines. All parts of an entrée bundle need to be entered on one line as shown in the cereal and string cheese. The entrées food cost is averaged by the tool to get a better picture of the total cost per meal. At the end of the day it gives a total cost per meal.

MONDAY				Tuesday			
Item & Portion Size	Cost per Purchase Unit	Number of Servings Per Purchase	Cost per Portion	Item & Portion Size	Cost per Purchase Unit	Number of Servings Per Purchase	Cost per Portion
Pancake (w/syrup)	\$21.80	96	\$0.23	Breakfast Pizza	\$128.00	128	\$1.00
Entrée Choice 2: Cereal & String Cheese	\$24.78	47	\$0.53	Entrée Choice 2: Cereal & String Cheese	\$24.78	47	\$0.53
Sausage Patty	\$23.18	107	\$0.22	Canned Fruit	\$23.80	144	\$0.17
Fresh Fruit (Apples)	\$39.45	125	\$0.32				
Juice	\$0.25	1	\$0.25	Juice	\$0.25	1	\$0.25
Milk			\$0.26	Milk			\$0.26
Total Cost per Meal			\$1.41	Total Cost per Meal			\$1.43

The nonprogram foods tool only calculates food cost. One would then need to find the cost spent on non-food supplies, labor, and other costs that go into producing meals in order to determine the non-program adult meal price.

Step 2: Finding Labor and Other Costs

One way to calculate labor and other costs is to calculate the average labor and other cost percentage from the monthly financial report. To do this, first find the average food cost percentage. This can be done by taking food & milk cost (line 20 on the monthly financial report) divided by total expenditures (line 30 on the monthly financial report).

20. 630 Food & Milk	35,640.94
30. Total Expenditures	68,282.14

In the example on the previous page that would be:

$$\$35,640.94 \div \$68,282.14 = 0.5219 \text{ or } 52.2\%$$

To calculate the labor and other cost percentage, take 100 minus the food cost percentage calculated or 1 minus the decimal calculated.

$$1 - 0.522 = 0.478 \text{ or } 47.8\%$$

Next, figure the approximate per meal cost of labor and other costs by multiplying the decimal by the average food cost calculated earlier. Let's say the average food cost for breakfast was \$1.45.

$$0.478 \times \$1.45 = \$0.6931$$

Step 3: Add All Costs Together to get a Total Cost per Meal

Add the average food cost per meal (\$1.45) and the average labor and other costs per meal (\$0.5931) together to get a final total.

$$\$1.45 + \$0.6931 = \$2.14$$

This means the adult breakfast price must be at least \$2.14. The same process would be used to calculate the adult lunch meal price. Plug in the average lunch food cost from the nonprogram foods tool instead of the average breakfast cost in this final step.

Finding Cost Data – Example 2

Use the monthly financial report to figure total expenses paid out of the food service fund for one month. Then use claim data to calculate meal equivalents served. To find the cost per meal, divide the total expenses by the total meal equivalents.

Step 1: Figure the Total Expenses paid out of Food Service Fund for One Month

To find total expenses for one month, look at line 30 on the monthly financial report. Pick a month that is representative of normal operations.

30. Total Expenditures	179,059.57
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In the example above, the expenses for the month were \$179,059.57.

Step 2: Calculate Meal Equivalents Factors from Reimbursement Received

Calculate the meal equivalents served for the same month that total expenses were found for previously.

Meal Equivalent: a tool to convert all meals and cash sales to a standard unit of production such as a student lunch.

To calculate meal equivalents, take the lunch reimbursement rate divided by the reimbursement rate received for breakfast, snack, OR the amount of money received for non-reimbursable sales and charges.

$$\frac{\text{Lunch Reimbursement Rate Received}}{\text{Breakfast Reimbursement Rate Received}}$$

The reimbursement rate used will depend on what year's claim data was used. If calculating meal equivalents using claims entered in 2021 (i.e. August-December claims), use the 2021 reimbursement rates. If calculating meal equivalents using claims entered in 2022 (January on), use 2022 Reimbursement rates.

Example: A rural self-prep sponsor in program year 2021 received \$4.3325 per adult lunch served and \$2.4775 per adult breakfast served in federal reimbursement. To calculate the meal equivalent factor, complete the following calculation.

$$\$4.3325 \div \$2.4775 = 1.7487$$

This shows that it takes approximately 1.75 breakfasts to equal 1 lunch.

The lunch meal equivalent factor will be 1.0. This is because lunch is the standard unit of measure all other meals will be converted to.

Step 3: Calculate Meal Equivalents Served from Claim Data

Using the meal equivalent factor calculated in the previous step, convert the claim data into meal equivalents.

Meals Served	Breakfast	AM Snack	Lunch	PM Snack	Supper
2. Eligible Children (1st Meal)	10,081	150	40,601	0	0
3. Eligible Children (2nd Meal)	0	0	0	0	0
4. Ineligible Children	0	0	0	0	0
5. Adult Meals	14	0	1,619	0	0
6. Allowable 2nd Meals	0	0	0	0	0
7. Total Meals	10,081	150	40,601	0	0
8. Average Daily Participation	559	10	2,255	0	0

Breakfast: $10,081 \div 1.75 = 5,760.57$ meal equivalents

Lunch: $40,601 \div 1.0 = 40,601$ meal equivalents

A la carte sales, catering, and adult meal sales are considered non-reimbursable sales and charges. To convert these non-reimbursable sales/charges to meal equivalents, take the non-reimbursable sales and charges for the month (line 34 on the MFR) and divide by the lunch reimbursement rate.

34. Non-Reimbursable Sales & Charges (Students & Adults)	16,088.05
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$\$16,088.05 \div \$4.3325 = 3,713.34$ meal equivalents

Find the total meal equivalents by adding all meal equivalents together.

Breakfast	5,760.57 meal equivalents
Lunch	40,601.00 meal equivalents
<u>Non-Reimbursable Sales/Charges</u>	<u>3,713.34 meal equivalents</u>
TOTAL	50,074.91 meal equivalents

Step 4: Divide Total Expenses by Meal Equivalents to get Cost Per Meal

To find the cost per meal equivalent, take the total expenditures for the month (line 30 on MFR) divided by total meal equivalents.

$\$179,059.57 / 50,074.91$ meal equivalents = $\$3.58$

This means adult meals would need to be priced at:

- \$3.58 per adult lunch
- \$2.05 per adult breakfast

The breakfast price is found by taking the cost per meal equivalent divided by the meal equivalent factor.

$\$3.58$ (cost per meal equivalent) \div 1.75 (meal equivalent factor) = $\$2.05$ per adult breakfast

Supplementing Low Priced Adult Meal

If the sponsor does not want to increase adult meal prices and cost data is not available, another option is to transfer non-federal funds to the federal food service fund to make up the difference.

For example, if a rural self-prep site's current adult meal price is \$4.15, cost data is not available, and the sponsor does not want to increase adult meal prices, the sponsor could choose to transfer in the difference from the free reimbursement rate and the current price charged.

$$\$4.5775 - \$4.15 = \$0.4275$$

\$0.4275 per adult lunch served would need to be transferred to the food service fund from non-federal funds at the end of each month or at least by June 30 (the end of the state fiscal year).

There must be documentation to show how the amount to transfer was calculated and documentation to show the transfer was actually completed. This transfer would be recorded on the monthly financial report as a transfer for low-priced adult meals and gratis other adult meals or on the SFSP Ledger for non-school sponsors.

5000 Other	
9. 5206 Transfer from General Fund	0.00
10. 5208 Transfer from Supplemental General	0.00
11. 5253 Transfer from Contingency Reserve	0.00
* Total Non-Federal Funds Transferred for the following reason(s):	
*	
Transfer for PLE	0.00
Transfer for Low-Priced Adult Meals and Gratis Other Adult Meals	0.00
Transfer for Other	0.00

Summary

The SFSP non-program adult meal price should be based on the full cost of preparing the meal including the food, supplies, labor, and other costs paid for by the sponsor. Cost data must be on file to support the adult meal price.

If cost data is not available, the sponsor must price non-program adult meals at least equal to the free reimbursement rate received per meal.

The sponsor could choose to supplement a low-priced adult meal charge with non-federal funds instead of raising the adult meal price. Documentation of the transfer of non-federal funds into the federal food service account and how the amount was calculated must be kept on file.