

Nonprogram Revenue

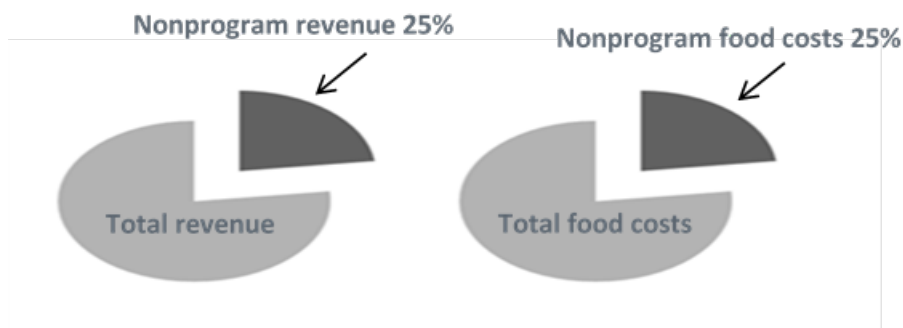
School Nutrition



COLORADO
Department of Education

USDA Nonprogram Revenue (NPR) Tool

School Food Authorities (SFAs) are required to determine if the revenue from nonprogram foods generates at least the same proportion of revenue as they contribute to the SFAs food cost. For example, if nonprogram food revenue makes up 25% of total revenue, the food cost should be the same proportion or less. See pie chart below.



The USDA Nonprogram Food Revenue (NPR) Tool was created to help SFAs calculate the amount of revenue needed for compliance. State Agencies (SAs) must ensure that SFAs secure funding to make up any shortfalls in the nonprofit food service account and/or otherwise take steps to ensure that nonprogram foods are priced sufficiently to meet the nonprogram foods requirement.

What you will need to complete the [USDA NPR Tool](#):

Cost and Revenue (from previous school year)

For calculating purposes in the USDA NPR Tool, nonprogram food cost only pertains to the cost of the food and does not include labor or other costs

- ✓ **Cost of reimbursable meal food** - total food cost of meals that were claimed in previous year, (USDA foods/commodity included). If these costs were not separated in the SFA records, take the average meal cost (food only) and multiply by the meal count. Do this separately for each reimbursable meal category (lunch, breakfast and snack) and then add the average meal cost for each reimbursable meal category for the total food cost.
- ✓ **Cost of nonprogram food** – total food cost for all non-reimbursable food/beverage items sold in previous year. If these costs were not separated in the SFA records, reference vendor invoices to itemize costs. All food items should be costed out and put into proper categories.
- ✓ **Total food cost** – the total food cost for reimbursable meals (including USDA foods/commodity) and nonprogram foods.
- ✓ **Total nonprogram food revenue** - revenues from all adult meals, student second meals, second milks, a la carte, vending machines and catering. Revenue from all items sold that are not reimbursable meals.

DEFINITIONS

Nonprogram foods

Defined as any non-reimbursable foods and beverages purchased using funds from the nonprofit food service account

Nonprogram food may include, but is not limited to, food purchased for: a la carte, second, guest, adult, staff, catered and vended meals

Cost of reimbursable meal food

The amount paid for food purchased to be a part of a reimbursable meal

Cost of nonprogram food

The amount paid for nonprogram foods, such as cost of beverages, a la carte foods, and any extra reimbursable foods that are sold.

Total food costs

The total amount paid for food for both reimbursable meals and nonprogram foods purchased with the nonprofit food service account

Nonprogram food revenue

All funds accrued to the nonprofit food service account associated with the sale of nonprogram foods

Total revenue

All funds accrued to the nonprofit food service account



- ✓ **Total revenue** - food service revenues, including USDA foods/commodity entitlement, but not including any general fund transfers.

Please reference [School Nutrition - Nonprogram Revenue](#) webpage for USDA's simplified approach and more resources

Next steps

The cost of reimbursable meal food, cost of nonprogram food, total food cost, total nonprogram food revenue and total revenue are entered in the [USDA NPR Tool](#) accordingly. The tool will assess the minimum amount of revenue from nonprogram foods that is required to be in compliance. The tool will also calculate if additional nonprogram revenue is needed, if applicable.

Calculation for assessing compliance:

$$\frac{\text{Nonprogram food revenue}}{\text{Total revenue}} \geq \frac{\text{Cost of nonprogram food}}{\text{Total food cost}}$$

Corrective Action (if applicable)

If additional revenue is needed to comply, the SFA must determine where an increase may be needed. Once this has been determined, the SFA must submit a corrective action plan to the Office of School Nutrition (OSN) for approval, CDENPR@cde.state.co.us.

The corrective action plan must include the following:

- A. List the reason(s) identified that led to noncompliance with the tool (i.e. inadequate a la carte pricing, need to be raised catering prices, improper accounting, etc.)
- B. For each cause identified, provide:
 - a. Steps the SFA will take to make this correction.
 - b. A timeline for implementation.
 - c. How the SFA will ensure future compliance.

DEFINITIONS, cont'd.

Minimum portion of revenue from nonprogram funds (%)

The minimum percentage of nonprogram revenue to total revenue needed for compliance. The percentage is calculated by dividing the total food cost by the cost of nonprogram foods

$$\frac{\text{cost of nonprogram foods}}{\text{total food cost}}$$

Minimum revenue required from the sale of nonprogram foods

The minimum amount of nonprogram revenue needed for compliance.

$$\begin{matrix} \text{minimum portion of revenue from} \\ \text{nonprogram \%} \\ \times \\ \text{total revenue} \end{matrix}$$

Additional revenue needed to comply

There was not enough revenue generated from the sale of nonprogram foods.

Raw food cost

The cost of food or ingredient before an upcharge is applied

Where can I learn more?

- [School Nutrition Unit webpage](#)
- Please email any questions or concerns to CDENPR@cde.state.co.us.