

# Food Service Basics

*Learn what a business office needs to know to support a successful food service program in a school district.*

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# Your Presenters

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**Jenison & Hudsonville Schools**



# Affiliations and Financial Disclosures

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Taneá Curtis-Brooks

Affiliations: Nothing to disclose

Mary Darnton

Affiliations: Nothing to disclose



# Four Sections of the RM Review



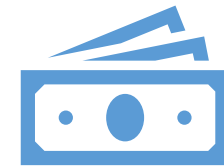
**Maintenance  
of the NFSA**



**Paid Lunch  
Equity**



**Revenue  
from Non-  
program  
Foods**



**Indirect  
Costs**



# Maintenance of the NSFSA Section

This section looks at the financial “health” of your food service program and financial compliance

MDE assesses the following:

FID or CNP-YER

Fund Balance

Transfers out of  
the NSFSA



# Maintenance Section

MDE assesses the following (continued):

## Net Cash Resources

- Spend Down Plans

## Equipment Requests

- Prior Approval

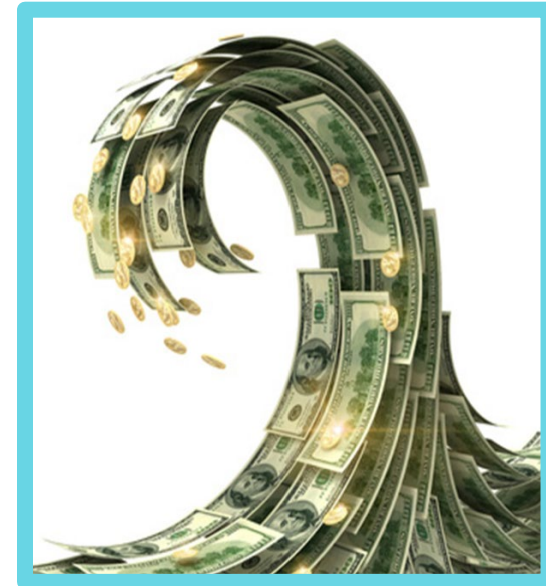
## Allowable Costs

- Written Internal Policies and Procedures



# Excess Fund Balances

- USDA Program Regulation 7 CFR Part 210.19 (a)(1) requires that Sponsors submit a formal Excess Fund Balance Spend Down Plan of Action
- MDE GEMS/MARS emails notification each spring
- Sponsors must spend down Excess Funds by June 30<sup>th</sup> of the current year/request a carryover
- Sponsors are required to upload documents in GEMS/MARS



# FID School Meals Report

School Meals Beginning Fund Balance	\$384,918.35
Total School Meals Revenue	\$1,446,740.24
Total School Meals Cost w/o Capital Outlay	\$1,277,080.90
Capital Outlay	\$16,846.82
Prior Period Adjustment	\$0.00
School Meals Ending Fund Balance	\$537,730.87
Allowable Fund Balance	\$425,693.63
Excess Fund Balance	<b>\$112,037.24</b>





# Equipment/Capital Expenditures

- 2 CFR Part 200.407 & 200.439 requires prior written approval for equipment and capital expenditures over \$5,000 or the Sponsor's capitalization threshold
- Exception: items on MDE's Pre-approved Food Service Equipment List
- Failure to obtain MDE's prior approval results in an unallowable cost, requiring Sponsors to reimburse the food service account with non-federal funds
- **Guidance:** MDE Admin Policy #5 When Do You Need Pre-Approval for Food Service Equipment Purchases?



# Spend Down Plan of Actions



Focus on the quality of meals



Focus on the atmosphere of the cafeteria and service areas



Invest in Breakfast



Refresh all small wares



Additional Point of Sale locations to improve speed of service



# FID School Meals Report Cost per Meal

Intermediate Revenue (2xx)	\$0.00			
State (31x)	\$29,324.04	Indirect Rate (Unrestricted)		14.74%
Federal (41x)	\$460,481.89	*Maximum Allowable Indirect		\$63,274.93
Commodity (481)	\$51,865.68	*N/A for Contracts exceeding \$25K Rule		
Bonus Commodity (482)	\$0.00		<u>2018</u>	<u>2019</u>
Another Public School (518)	\$0.00	Breakfast Meals Served	37,879	39,047
Other Finance Source (511-517,519-54x, 59x)	\$0.00	Breakfast Cost per Meal	\$2.78	\$2.77
Fund Modifications (6xx)	\$0.00			
<b>Total School Meals Revenue</b>	<b>\$901,235.76</b>	Lunch Meals Served	167,563	170,304
		Lunch Cost per meal	\$2.81	\$2.65



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# QUESTIONS SO FAR?



# Paid Lunch Equity

- Sponsors that opt into Michigan School Meals or Sponsors who are CEP district wide are non-pricing and exempt from PLE requirements
- Nonpublic schools are still required to complete the PLE Tool



# Revenue from Non-program Foods

- Under subsection 12(q) of the Richard B. Russell National School Lunch Act and 7 CFR 210.14(f), Sponsors are required to ensure:
- All revenue from the sale of Non-program foods accrues to the Non-profit School Food Service Account (NSFSA); and
- Revenue available to support the production of reimbursable school meals does not subsidize the sale of Non-program foods

Current guidance: USDA Memo **SP20-2016**

**Unallowable to allow students and adults to charge a la carte**

**Unallowable to allow adults to charge any meals**



# Revenue Ratio from Non-program Foods

**Revenue Ratio:** Non-program food revenue as a percentage of total food revenue



**Food Cost Ratio:** cost of Non-program foods as a percentage of total food costs



# Indirect Costs

Use the unrestricted rate published by MDE annually

- Public Schools: if approved indirect cost rate exceeds 15% limit use 15% max
- Nonpublic: 10% max

## MDE Indirect Cost Rates Current Information

- [www.michigan.gov/mde](http://www.michigan.gov/mde)
- Offices>State Aid & School Finance>Publications>Indirect Cost Rate

USDA Memo SP 60-2016: Indirect Cost Guidance

Treated consistently across all other programs





# Examples of Typical Costs

## Direct Costs

Salaries & Wages of food service workers  
Cost of purchased food  
Food service supplies  
Capital expenditures relating to food service  
(e.g., food service equipment – never land or building)

## Indirect Costs

Payroll Services  
Human Resources  
Custodial  
Procurement  
Worker's Compensation  
Superintendent's and Business  
Gas, Electricity  
Water, Sewer  
Trash



# MDE Indirect Cost Template

<b>Total Food Service Program Expenditures</b>	
Food Costs (Object Codes: 56XX)	
Indirect Costs Already Charged (Object Code 99XX)	
Capital Outlay (Object Codes: 6XXX)	
Prior Period Adjustments	
Costs that Benefit Multiple Programs Charged Directly	
*Excluded Purchased Service Vendor(s) >\$25,000 (Object Codes 3XXX, 4XXX)	\$0.00
<b>Total Unallowable Costs</b>	<b>\$0.00</b>
<b>Modified Direct Cost Base</b>	<b>\$0.00</b>
<b>Unrestricted Indirect Cost Rate</b>	
<b>Maximum Indirect Costs Allowed</b>	<b>\$0.00</b>
<b>SFA Actual Indirect Costs Charged</b>	
<b>Within Allowable Amount; Check Calculation for Accuracy</b>	<b>\$0.00</b>



# Regulations

## 7 CFR Part 210 – USDA Program Regulations

- **210.14 Resource Management**
  - 210.14a Nonprofit School Food Service
  - 210.14b Net Cash Resources
  - 210.14c Financial Assurances
  - 210.14e Pricing Paid Lunches
  - 210.14f Revenue from Non-Program Foods
  - 210.14g Indirect Costs
- **210.19 Additional responsibilities**
  - 210.19(a)(1) Assurance of compliance for finances
  - 210.19(a)(3) Program compliance
- **210.9 Agreement with State Agency**

## 2 CFR Part 200 – Uniform Guidance

- 200.313, 200.407, 200.439 Equipment
- 200.318-326 Procurement
- 200.403 Allowable Costs
- 200.404-.405 Necessary, Reasonable, Allocable
- 200.412 Treated Consistently
- 200.420-.475 Allowability of Specific Items of Cost
- 200.414 Indirect Costs
- 200.501 Requiring Audits

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# QUESTIONS SO FAR?



# Two Perspectives, Same Goals

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## Business Office and Food Service Director

- Communication: honest, open, timely
- Speaking another language
- The rhythm of a school year



# Food Service Perspective

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## Operational Support Needs

- Access to reports from Finance Software or
- Share reports trail Balance, monthly and annually



# Food Service Perspective

## Operational Support Needs

### Deadlines!

- FID – not just the final date due to MDE!
- Budget deadlines
  - Initial Proposed Budget
  - Final Adopted Budget
  - Winer or Mid-Year Amendment
  - Final Amendment(s)
- Price Increases that require BOE approval
- BOE or Finance Committee Meetings



# Food Service Perspective

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## Relationships

Check-in Meetings: regular intervals, decide on format

Learn the “language” of the Business Office

Sharing Data – who produces what?





# Food Service Perspective

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**Reinvestments/Projects/Capital Outlay**

Program Improvements

Excess Fund Balance

Equipment Replacement Schedule



# Food Service Perspective

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## Managing FSMC Relationships

More Deadlines!

Translate Corporate P&L into School District Budget

Learn what data to share and how to share it

Monitoring the contract



# Key Takeaways

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**Know the regulations**

**Maintain good relationships**

**Create systems and practices that can endure**



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# What other questions do you have?



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**THANK YOU!**

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