

# CRITICAL FOOD SERVICE BUDGET METRICS

Lori Adkins, SNS

Child Nutrition Consultant, Oakland Schools

Carolyn Thomas, SNS

Child Nutrition Consultant, Macomb ISD

# Why are FS budget metrics important?

- ▶ Changing federal regulations
- ▶ Increasing Program Cost
- ▶ Growing Demands
- ▶ Competition

# Critical Food Service Budget Metrics

- ▶ Food Costs
- ▶ Labor Costs
- ▶ Meals Per Labor Hour
- ▶ Break Even Analysis
- ▶ FID Report

# Food Costs

- ▶ Industry standards dictate a food cost not to exceed 40-45% of revenue.
- ▶ All menus need to be costed out to ensure costs fall within budgeted levels.
- ▶ Utilization of USDA food (commodities) is critical to controlling food costs. USDA foods represent 12% of food costs.
- ▶ Current school year commodity value per lunch meal is .2325.

# Labor Costs

- ▶ More than just wages
- ▶ Taxes, retirement, medical and other benefits
- ▶ Are usually the largest portion of budget expenses
- ▶ Critical to know Meals per Labor Hour to ensure program success.

# Meals Per Labor Hour (MPLH)

Meals Per Labor Hour (MPLH) analysis is a method of measuring productivity. Conducting a MPLH helps business officials identify the number of labor hours each kitchen requires based on each buildings ADP f the number of meals served drops, so should staffing hours:

Total Meal Equivalent's (Output) divided by the Total Labor Hours (Output) used to produce meals equals the operations productivity

$$\frac{\text{OUTPUT (Total meals Served)}}{\text{INPUT (Total Labor Hours)}} = \text{PRODUCTIVITY}$$

# Determining Labor Hours “Input”

Add up Total Labor hours by building  
Re-allocate labor hours used to produce off-site meals

Example: Henry Ford High School  
Meal Equivalents (output) = 673 per day  
Total Labor Hours (input) = 20.25 per day  
MPLH = 33.25

# Determining Meal Equivalents

Total Lunch Meals + Total Meal Equivalents (ME) =  
Total Meal Equivalents

Ala Carte Revenue = \$12,000 / 3.2275 =	3,718 ME
+Breakfast = 5,000 breakfasts x.66 =	3,300 ME
+After School Snack = 800 snacks/3 =	266 ME
+Total Meal Equivalents Served =	<u>10,000 ME</u>

<b>Total Meal Units</b>	<b>17,284</b>
<b>Average Daily Meal Units</b>	<b>864</b>
<i>(based on 20 serving days)</i>	



# Meals Per Labor Hour Chart

Number of Meal Equivalents		MPLH	Total Hours
	Up to 100	9	9-11
	101- 150	10	11-14
	151- 200	12	14-16
	201- 250	14	16-18
	251 -300	15	18-20
	301 - 400	16	20-25
	401-500	18	20-28
	501 - 600	18	28-34
	601- 700	19	34-37
	701 - 800	20	37-40
	800+	21	40+

# Break Even Analysis

- ▶ BE Analysis is the amount of sales needed to cover both fixed and variable costs.
- ▶ Use Break Even Analysis to determine the number of meals required to be served so that revenue meets expenses for any given program.
- ▶ Use BE Analysis for program expansion decision making (Summer FS, After-School Supper or Snack program or Breakfast Program expansion)

### Break-Even Analysis for Your Districts SummerMeal Program

*Break-Even Point (BEP) is the amount of sales needed to cover Fixed & Variable costs.*

*The BEP is the point where total Revenues & Total expenses are equal.*

	Fixed Costs (Labor & Fringe)	\$ 159.23	
	Variable Costs (Food & Disposables)	48%	
	Fixed Costs / Variable Costs = Break Even Point (159.23/48% = \$331.73)	<b>\$ 331.73</b>	<b>Break Even Point</b>
	\$331.73 (BEP) / \$3.82 (Reimb. Rate) = 87 meals per day 87 meals per day x \$3.82= \$333.00	<b>\$330.00</b>	<b>Required Avg Daily Revenue</b>
		<b>87</b>	<b>Required Avg Daily Participation</b>
	<b>Fixed Cost Analysis:</b>		
	Driver (\$20.5 x .5 hrs) Transportation of Food	\$ 10.25	
	On-Site Staff Hours (16.57 hr wage x 6.5 labor hours)	\$107.70	
	Subtotal	\$117.95	
	33% Fringe on Driver & Prep worker hours	\$41.28	
	<b>Total Fixed Costs</b>	<b>\$159.23</b>	

# Financial Information Database (FID)

- ▶ 31A funds - At Risk funds
- ▶ An amount, not to exceed \$10.00 per eligible pupil, must be used to pay for costs necessary to operate the school breakfast program.
- ▶ 31D funds - School Lunch Program
- ▶ Current year payments are estimates and are paid in eleven (11) equal installments. Reimbursement is 6.0127% of the necessary costs of operating the school lunch program.
- ▶ 31F Funds - School Breakfast Program
- ▶ Supplemental reimbursement for the cost of providing breakfast. Is a per meal rate and paid annually per the formulation.

QUESTIONS??



# Thank You!

Lori Adkins

Child Nutrition Consultant, Oakland Schools

Email: [Lori.Adkins@Oakland.k12.mi.us](mailto:Lori.Adkins@Oakland.k12.mi.us)

Carolyn Thomas

Child Nutrition Consultant, Macomb ISD

Email: [cthomas@misd.net](mailto:cthomas@misd.net)