

Guarding Against Rising Food Costs

Michigan Department of Education
School Nutrition Programs
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WARNING

- Various factors will make reaching targeted food costs more difficult for SY 2016
- Market conditions will combine to likely make food costs rise in SY 2016
- Due to these factors, USDA foods will not be as plentiful as the costs rise of items related to poultry and produce
- Now is the time to plan for changes for next school year

Objective

- Know how to use financial information, menu management, informed purchasing, and proper kitchen procedures as tools to improve program operations, financial performance and accountability

The Challenge

One of the most pressing issues faced by school nutrition directors is the rising costs of food. Adding to that concern is the challenge of purchasing food products that meet nutrition standards associated with the Healthy Hunger Free Kids Act. It is important for directors to determine those factors that influence food costs.



Factors Guiding Development of Strategies to Control Food Costs in School Nutrition Programs



Factor #1

Generally accepted guidelines suggest that no more than 80 – 85% of the school nutrition program revenue should be spent on labor and food.



Average Percentage Distribution of Reported Costs: The School Lunch and Breakfast Cost Study - II

Size/ Enrollment	*Food Cost %	Labor Cost %	Other Costs %	Total Cost %
1 - 999	46.0	46.3	7.7	100.0
1,000-4,999	46.6	41.9	11.5	100.0
5,000+	42.8	45.8	11.4	100.0



Factor #2

The school nutrition program director should work with upper administration and school site managers to set goals for food costs as part of the budget planning process.



Factor #3

The school district's success in keeping food costs within the established guidelines depend on the financial management skills of the entire school nutrition program, including the director, site managers, kitchen staff, and other support personnel.



Ways to Lower Food Costs

- Set a goal for managing food costs. Allocate a percentage, for example, 40% of revenue for food costs.
- Monitor meal costs. Calculate the average food cost per meal/meal equivalent on a regular basis.



Online Menu Costing Form

MONTHLY MENU COSTING OUT WORKSHEET		LUNCH PRICE		\$/Lb	
MONTH	SCHOOL	FOOD COST PERCENTAGE			
10/2014	ABC Elementary				
MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	
Cost	Cost	Cost	Cost	Cost	Cost
Pasta Chicken Nuggets w/ Veggie Pasta Fry Top Eggs Corn Cantini	Chicken Nuggets w/ Veggie Eggs Fried Chicken Breaded Chicken Apple Pie Orange Juice	Hamburger w/ Onion Veggie and Cheese Sandwich Fruit Orange Juice Green Beans	Fruit Cup Chicken and Cheese Sandwich Fruit Green Beans	Fruit Cup Chicken and Cheese Sandwich Fruit Green Beans Homemade Fresh Veggie Salad	Fruit Cup Chicken and Cheese Sandwich Fruit Green Beans Homemade Fresh Veggie Salad
\$/Lb	\$/Lb	\$/Lb	\$/Lb	\$/Lb	\$/Lb
Manager	Manager	Manager	Manager	Manager	Manager



Ways to Lower Food Cost

- Pre-cost and post-cost menus to ensure food items are within predetermined costs levels.
- Avoid overproduction of food by careful forecasting.
- Calculate kitchen waste and account for why it happened.
- Spatulas
- Use standardized recipes. (7lbs not 10)
- Menu Management



Ways to Lower Food Costs

- Use cycle menus.
- Use portion control tools to ensure accurate serving sizes of menu items.
- Maintain inventory control.
- Prohibit the removal of food items (any item) from the premises. This should include leftovers.
- Implement security measures.
- Don't fall for the "it will save you labor cost" sales pitch.



Menu Management

- A powerful tool
- Select and arrange items on menu to minimize costs
- Using the Excel spreadsheet or equivalent can help make potential changes more apparent



Menu Management Example

	MONDAY			TUESDAY				
WEEK 1	Item	Cost	Total Cost	Item	Cost	Total Cost		
Entrée	Pizza	175	\$0.78	\$136.50	Chicken Nuggets	187	\$0.71	\$133.57
Entrée	Turkey Veg Wrap	75	\$0.45	\$33.75	Beef Taco Salad**	74	\$0.45	\$33.30
	Apple	125	\$0.13	\$16.50	Mixed Greens Salad	105	\$0.11	\$11.55
	Carrots	150	\$0.11	\$16.50	Apple Sauce**	138	\$0.07	\$9.54
							\$0.00	
							\$0.00	
							\$0.00	
	Milk	225	\$0.22	\$49.50	Milk	232	\$0.21	\$48.72
							\$0.00	
							\$1.00	\$151.07
	Total Cost		\$1.08	\$232.25	Total Cost		\$1.00	\$151.07
			491	\$451.82				
	MONDAY			TUESDAY				
WEEK 1	Item	Cost	Total Cost	Item	Cost	Total Cost		
Entrée	Pizza	166	\$0.78	\$129.48	Beef Taco Salad**	125	\$0.45	\$56.25
Entrée	Chicken Nuggets	100	\$0.71	\$71.00	Turkey Vegetable	94	\$0.45	\$42.30
	Apple Sauce**	160	\$0.08	\$12.80	Carrots	83	\$0.11	\$9.13
	Spinach Salad	111	\$0.13	\$14.43	Apple	141	\$0.11	\$15.51
							\$0.00	
							\$0.00	
							\$0.00	
	Milk	225	\$0.22	\$49.50	Milk	210	\$0.21	\$44.10
							\$0.00	
							\$0.00	
	Total Cost		\$1.31	\$289.21	Total Cost		\$0.91	\$125.94
			485	\$394.24				



Don't Focus on Just One Area

- When there is a potential financial problem, it is usually necessary to look at other areas
- Is there any equipment that would help you be more efficient in preparing food?
- Can you do more scratch cooking to save cost?
- Or the opposite, can you reduce labor by using more "convenience" items
- Can you find additional revenue sources – catering, concessions, provide meals for another school?



Questions

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