



# Managing Costs in School Nutrition Programs

A well-managed budget is important to maintaining a strong, stable child nutrition program. School nutrition departments are currently experiencing significant changes and frequent fluctuations in food and labor costs. This resource features tips for cutting costs and generating revenue, without sacrificing program quality.

## Major Costs in the School Nutrition Program Budget

The below estimated costs should be evaluated against the circumstances of your district to determine what makes the most sense for you. *Learn more about financial management in school nutrition programs with the Institute of Child Nutrition's [Financial Management for Directors](#) course materials.*

**Food** – Food generally accounts for about 40% of a school nutrition program's budget. This includes regularly purchased food items from [USDA Foods in Schools](#) and [USDA DoD Fresh Fruit and Vegetable Program](#), as well as products purchased through the competitive bid process, request for proposal, and direct purchases.

**Labor** – Labor generally accounts for about 40% of a school nutrition program's budget depending on your mode of food preparation (e.g., scratch cooking vs. heat and serve). This includes full-time and part-time employees; overtime costs; wages for temporary employees; and benefits.

**Other** – Supplies, equipment, technology, marketing, membership dues, and licensing fees for point-of-sales systems generally account for about 20% of a school nutrition program's budget. Depending on your district, you also may need to budget for indirect costs in this category, like electricity, water, central office services, and/or pest control.

*Generally, you should aim to have food and labor costs that are approximately equal.*

*Don't forget to share this resource with a friend or coworker!  
Learn more and access additional resources at [bestpractices.nokidhungry.org](https://bestpractices.nokidhungry.org).*

## Tips for Cutting Food Costs:

- **Consider your “center plate” or entrée item** – A higher priced item (e.g., chicken wings) may be worth the extra expense if it significantly boosts participation. If you find an expensive item is not contributing to higher participation, remove it from your menu.
- **Plan cycle menus** – A cycle menu is a series of menus that repeat for a specific period of time (e.g., 4 weeks). Each day of the cycle is different. When the cycle ends, the menus repeat in the same daily order. Cycle menus save time, help manage inventory, and allow you to purchase and store repeat food items in bulk.
- **Use commodities** – Commodity programs like [USDA Foods in Schools](#) and the [USDA DoD Fresh Fruit and Vegetable Program](#) can save your district a lot on food costs. Divert products for processing wisely based on what your students enjoy and by comparing to the cost of purchased processed products. Also, consider your mode of food prep. For example, a district that does scratch cooking might choose ground beef or bone-in chicken pieces, while a district that does not do scratch cooking might divert pork into barbeque pulled pork, cheese into pizza, or chicken into chicken nuggets.
- **Avoid food waste**
  - **Implement Offer Versus Serve** – [Offer Versus Serve](#) (OVS) saves money and reduces food costs and waste. School Food Authorities can use OVS in the School Breakfast Program, National School Lunch Program, At-Risk Afterschool Meals, and the Summer Food Service Program by allowing students to choose at least three items to qualify the meal as reimbursable without selecting additional items that may go to waste. Items not selected from the serving line can be used at subsequent meals.
  - **Closely monitor inventory** – Knowing precisely what is on hand can help avoid over-ordering and the risk of items reaching their expiration date before they are used.
  - **Provide extra staff training** – Ensure staff know how to properly prepare, store, heat, and reheat items to avoid wasted food. Cross-training can ensure that even if key staff are out for the day, the food is of the highest quality every day. Also, be sure staff are aware of and utilize proper portion sizes when serving.
  - **Closely monitor production sheets** – By keeping track of what is being prepared and served, you can target minimal overproduction while ensuring that sufficient products were prepared.
  - **Utilize leftover items when possible** – Certain items can reheat well if properly stored. Rather than tossing leftovers, consider storing, saving, freezing, and repurposing in days or weeks to come. *Cycle menus can help!*
  - **Listen to your students** – Student surveys and taste tests are a great way to ensure your menus reflect what your students want to eat.
- **Focused procurement** – Consider using a Request for Pricing or Proposal (RFP) instead of an Invitation for Bidding or Proposal (IFB or IFP). An RFP allows you to pick the best proposal overall, while an IFB requires you to take the lowest-cost bid. When deciding, use a scorecard or rubric to “grade” proposals. Identify a point structure for categories like price, delivery day, history or relationship with the company, and products provided. Lastly, consider doing a multi-year renewable agreement versus an annual bidding process.
- **Work with your vendor** – Talk with your vendor about available products. Rather than limiting requests to a specific item, you may get a better deal on what they already have in stock or have in excess. If you have the capacity, you can also work with them to capture any extra product they might be trying to move quickly, getting you a good deal. If time allows, test any new product before purchasing.
- **Join a purchasing cooperative** – By purchasing items with other districts in the area, you can save money. Consider joining or starting a purchasing cooperative in your region if the logistics make sense.

## Tips for Cutting Labor Costs:

- **Calculate and monitor your meals per labor hour** – The meal per labor hour (MPLH) is a productivity measure calculated from the number of meal equivalents served per hour of labor. By closely monitoring MPLH, you can reassess staffing at each site and work to increase MPLH where possible.
  - In schools where participation is low, examine why. Communicate and be transparent with staff that staffing changes may need to take place if participation does not increase.
- **Examine part-time and substitute or temporary employees** – Doing more with part-time employees can save your district money. Also, consider hiring your students! High school students are great workers and can provide a few hours of work during or after the school day.
  - Part-time employees are especially useful for afterschool, summer, and weekend meal programs. It is less expensive to bring a part-time or substitute employee in for a few hours versus extending a full-time employee into overtime.
  - Consider substitute or temporary employees where there is a higher need for a short period of time.
- **Review cost of products that may create labor savings** – Bagged lettuce or pre-cut fruit may be more expensive than heads of lettuce or whole fruit, but might be less expensive than the cost of additional labor required to prepare whole food products.
- **Closely monitor labor reports** – Run reports to show the summary of labor hours per location and/or person, and be sure to require prior approval before overtime is taken.
- **Share school managers** – In small schools, one manager may be able to oversee two schools.

### Bonus Tip!

**Focus on employee morale** – Happy, healthy employees improve programs in many ways, including cost management. Check out the No Kid Hungry webinar [Supporting Your Healthy Team](#) and [Staff Wellness Strategies](#) resource to learn new ideas to support staff wellness, motivation, and retention.

## Tips for Revenue Generation:

- **Consider alternative service models** – Breakfast in the Classroom, Grab & Go, and Second Chance Breakfast are all great alternative models that can increase participation. *Check out No Kid Hungry's Breakfast After the Bell resources [on our website!](#)*
  - Also think about what types of meal service attract participation. For example, your students may prefer hot meals during the summer vs. cold bagged meals. Find ways to make meals more appealing. Not sure what your students prefer? Ask them!
- **Invest in reusable trays** – Dish machines require an upfront cost, but savings on disposable trays can benefit your budget in the long-term. Also, students tend to enjoy eating from reusable trays more than disposable trays, increasing participation and decreasing food waste.
- **Work with school administration to ensure adequate time to eat** – Ensure lunch periods are long enough for students to go through the service line and eat their meals. *The CDC recommends at least 10 minutes for breakfast and 20 minutes for lunch—that's once students are seated. Learn more in this [Making Time for School Lunch research brief.](#)*

## Tips for Revenue Generation (cont.):

- **Properly count and claim meals** – Mealtime can be chaotic, especially when various service models are used. Make sure the system of tracking meals served is accurate. Provide ample training for your staff and anyone else (like teachers) that may be involved in meal service.
- **Make your district a Nutrition Hub** – Consider adding an afterschool meals program and summer meals program to your district's offerings. The additional programs bring in revenue, support your community, and build trust and familiarity with the nutrition programs year-round. *Check out this [report](#) and [video](#) from No Kid Hungry to learn more about Schools as Nutrition Hubs.*
- **Promote your program to students and families** – Market your programs around the school and community. Consider theme days for students and strategically invite families in to eat with students for a small charge. Hosting special holiday family meals or grandparents day can boost program awareness and increase revenue.
  - Coordinate with school events – Provide supper meals at a charge or through CACFP At-risk Afterschool Meals to students and their siblings during after-school day events (e.g., parent-teacher conferences, math night, health fair, international night).
- **Sell select a la carte items** – Offering Smart Snack compliant a la carte items that attract both students and staff is a great way to boost revenue in your food service program. Consider creating a staff a la carte lunch menu if capacity allows.
- **Offer catering** – Catering special events like sports banquets, awards dinners, and community events boost revenue and showcases your program. Promote your program's catering services to the school and community.

### Bonus Tip!

**Focus on meal quality** – Improving the taste and appearance of your meals can increase student participation. Seek feedback from students and make sure that they know their voice matters.

