



# Welcome!

## Successful Management of Child Nutrition Funding Part 1

Presenter: Stephanie Robinson, MBA  
Administrator for F&N



TEXAS DEPARTMENT OF AGRICULTURE  
**COMMISSIONER SID MILLER**





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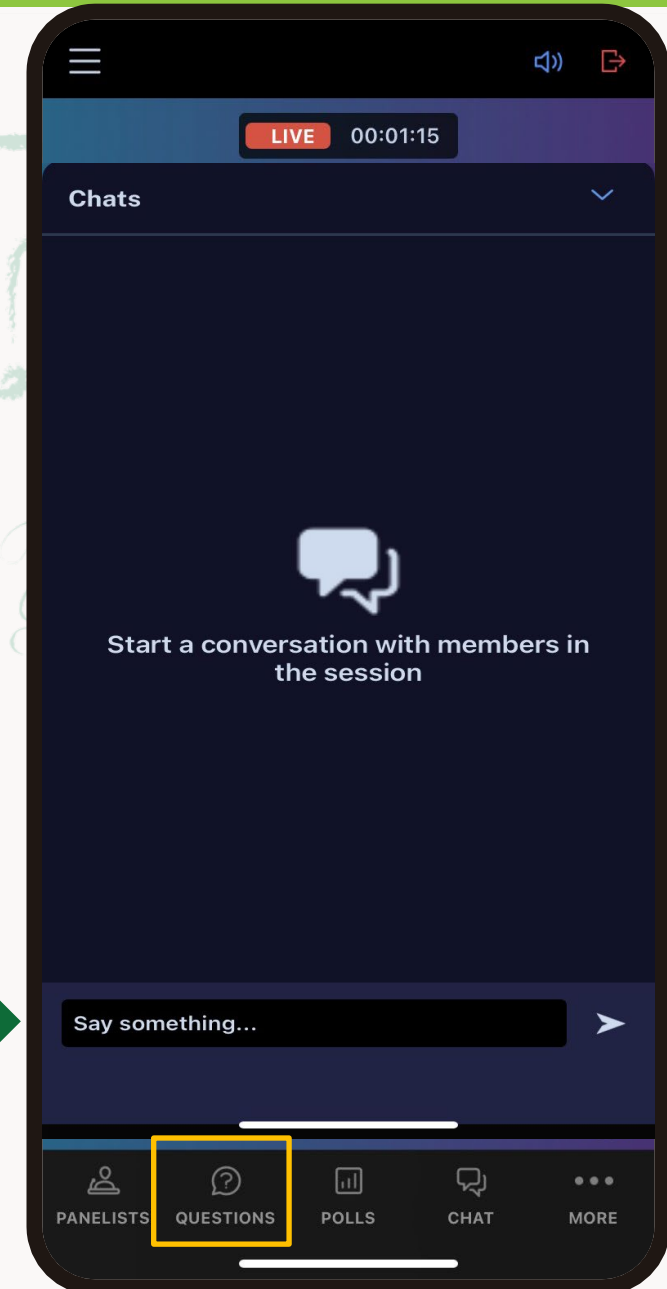
## Successful Management of Child Nutrition Funding Part 1



**Stephanie Robinson, MBA**  
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# Submit ALL Questions Via The App





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## Part 1

Foundational Financial Management  
Annual Financial Reporting  
Budgeting Methods

## Part 2

Key Performance Indicators (KPIs)

## Part 3

Capital Assets and Expenditures





# Foundational Components of Financial Management

1

Cost  
Allowability

2

Payment  
Processes

3

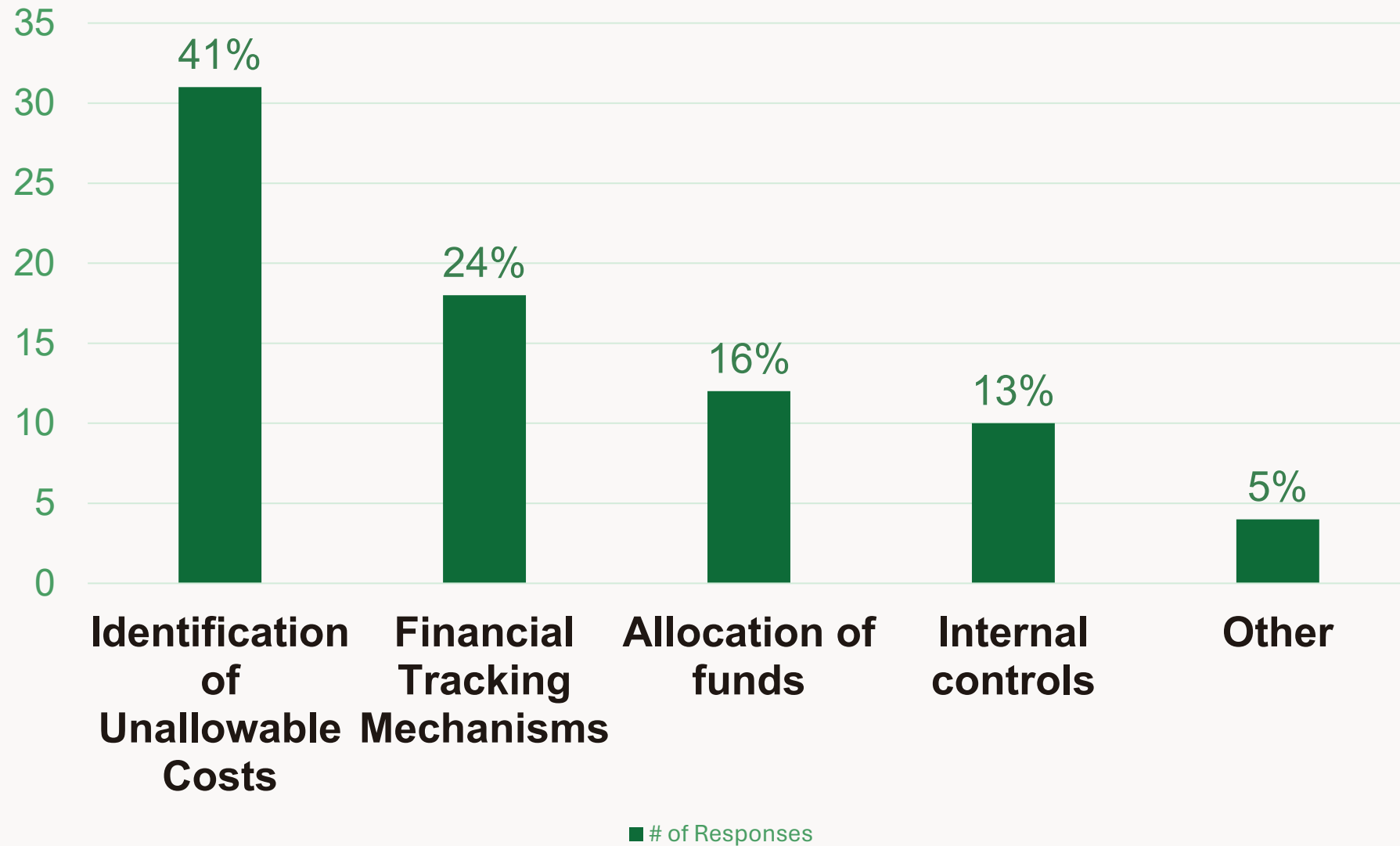
Procurement  
Procedures

4

Tracking  
System



## Top financial management areas requested





# Identification of Unallowable Costs

“Identification  
and  
understanding of  
why specific costs  
are unallowable.”

Go beyond  
“It is in the ARM...”  
“It is what CFR  
says...”



# Federal Cost Principles



- Legislation and Policies
- Office of Management and Budget (OMB) Circulars
- Code of Federal Regulations (2 CFR 200)



# Identification of Allowable Costs (2 CFR 200.403)



- Necessary
- Reasonable
- Allocable



# Identification of Allowable Costs

“Are costs associated with CN employee recognition (tumblers, t-shirts, prizes) and CN team-building events allowable?”





## Key items to consider:

Is the recognition part of the SFA's established practice?



Is the employee's salary paid from the CN fund?

Is the recognition intended to improve employee performance?



## Items to consider:



Is the recognition intended to improve employee-employer relations?

Is the recognition NOT an incentive for staff to recruit more staff?

Is the recognition NOT a stipend for a specific use?



# Identification of Unallowable Costs

“Request for strategies to identify and prevent duplicative services.”

Any entity cannot use federal funds to pay for a service if that service is already being paid for through another federal contract or program.

2 CFR 200.318 (d)

48 CFR 1331.205-70



# Identification of Unallowable Costs

**Strategies to  
Prevent Duplicative  
Services**

The graphic features the text 'Strategies to Prevent Duplicative Services' in a bold, black, sans-serif font. The text is centered over a light blue background that shows a network of thin, intersecting lines. Several colorful pushpins (yellow, red, blue) are pinned to the background, with some lines connecting them, suggesting a strategic or organizational map.

- Conduct Needs Assessments
- Develop SOPs and Guides
- Regular Monitoring of Staff
- Staff Training



# Identification of Unallowable Costs

“Request for clarification on the use of contracted services such as...”

- Consultants
- Chefs
- Nutritionists/Dietitians



# Identification of Unallowable Costs

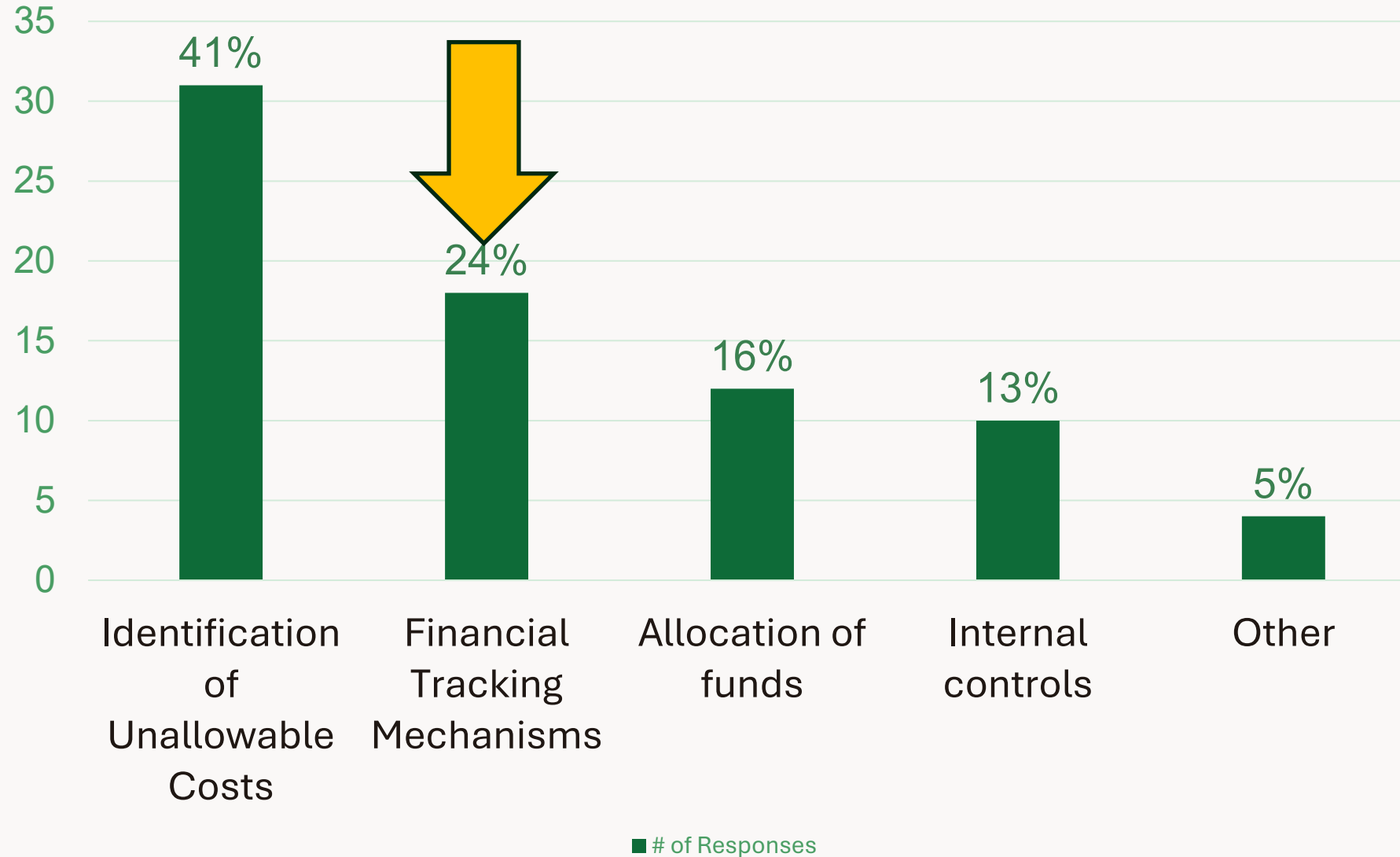
## Consultants:

- Support child nutrition programs
- Assist with services that are not duplicative
- Short-term training needs generally unrelated to compliance

TDA supports local decision-making of SFAs, including the use of consultants for allowable services.



## Top financial management areas requested





# Financial Tracking Mechanisms

“Please provide examples of “program” versus “nonprogram” revenue.”

Program Revenue  
(Reimbursable Meals)

Nonprogram Revenue  
(Non-reimbursable Meals)



## Nonprogram Revenue (Non-reimbursable Meals)

A la carte  
Items

Adult and  
Visitor  
Meals

Catered  
Meals

Vending and  
Fundraisers



# Financial Tracking Mechanisms

Are these sources of nonprogram revenue?

Second  
Meals

Staff  
Payments  
for Meals

FS Staff  
Meals as  
a Fringe  
Benefit

USDA  
Foods

Special  
Catered  
Events



# Financial Tracking Mechanisms

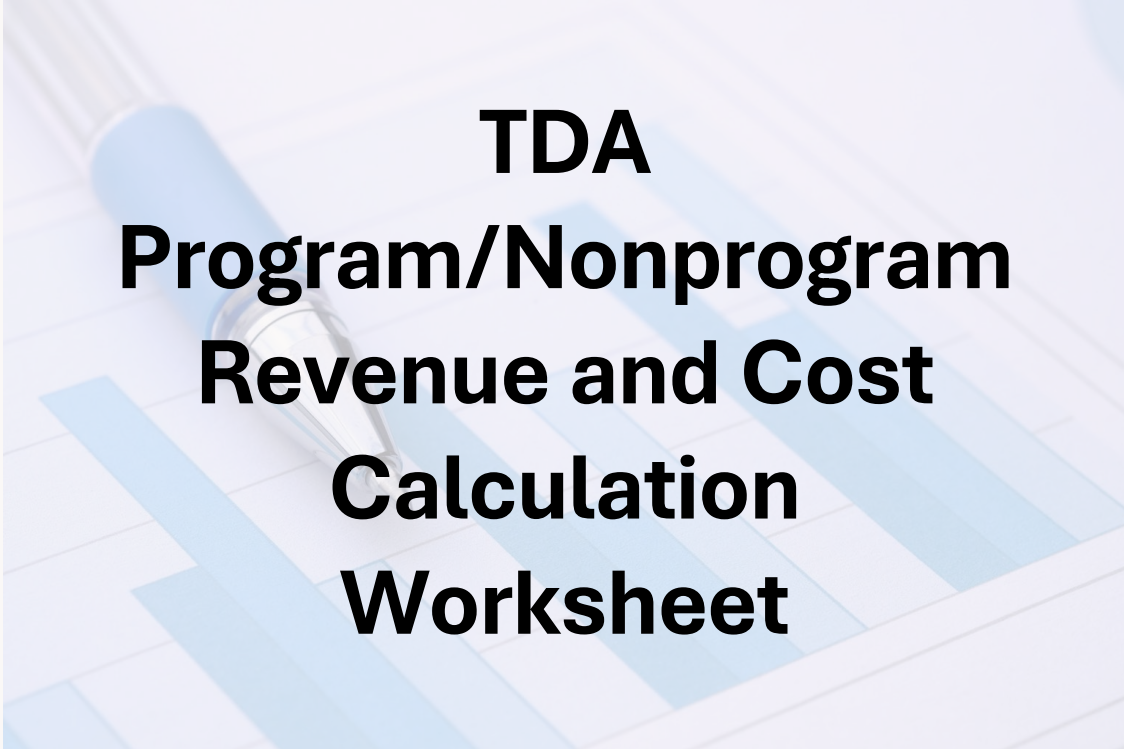


## Program and Nonprogram Revenue Tracking

- Know your object codes
- 5751 (Nonprogram)
- 5921/7952 (SBP)
- 5922/7953 (NSLP)
- 5932/7954 (USDA Commodities)
- USDA Program/Nonprogram Calculation Chart



# Financial Tracking Mechanisms

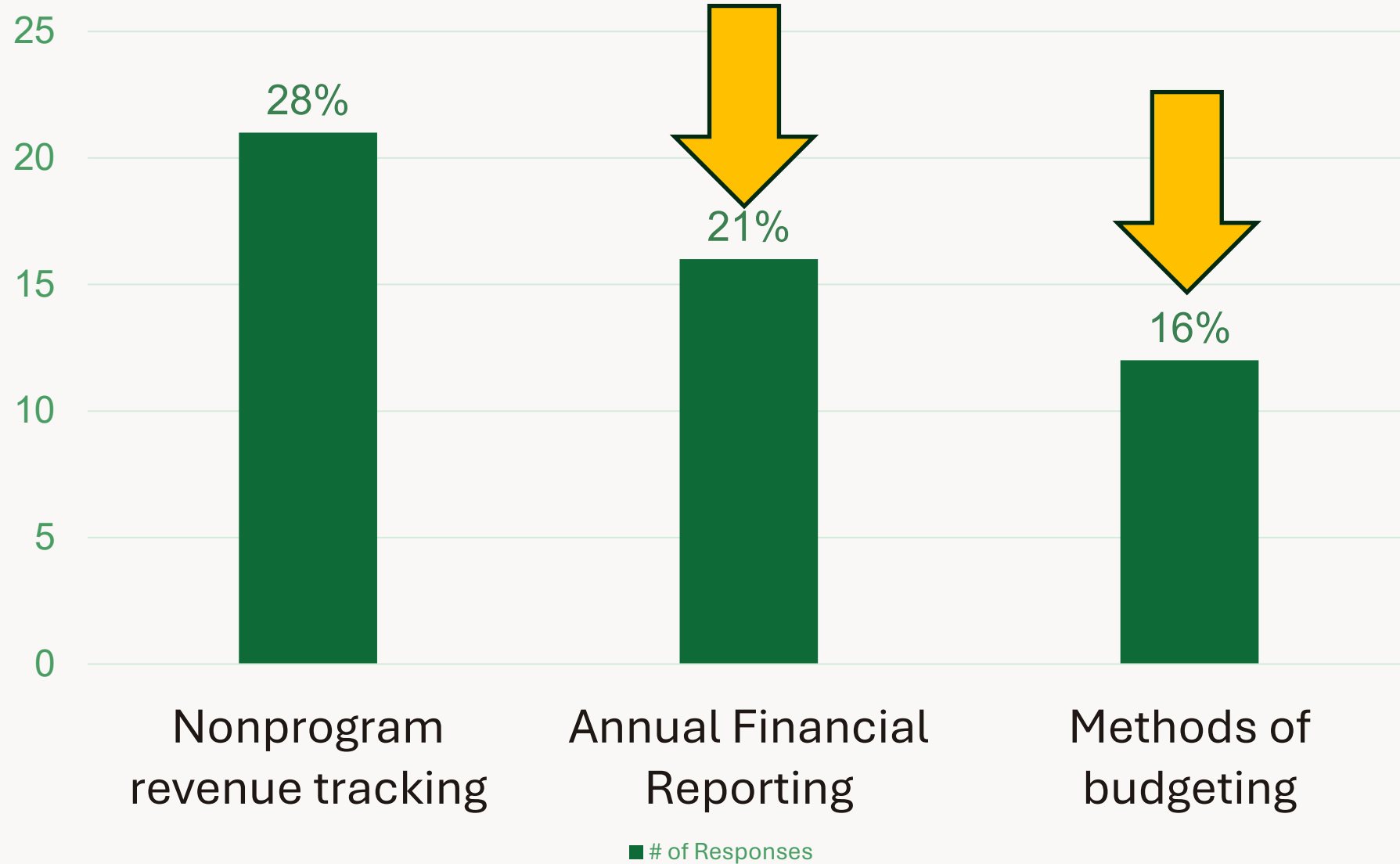
The image shows a worksheet titled 'TDA Program/Nonprogram Revenue and Cost Calculation Worksheet'. The background is light blue with a faint grid pattern. A blue pen is lying diagonally across the top left of the worksheet.

## **TDA Program/Nonprogram Revenue and Cost Calculation Worksheet**

- Revenue from non-reimbursable meals must cover their fair share of total food costs.
- If out of compliance, the SFA must act immediately to correct.



## Top financial reporting training needs





## Annual Financial Report

What: Review of the health of nonprofit food service account (revenues, expenditures, status of fund balance, and non-profit status)

When: Annually

Time Period Observed: Audited and closed prior year's financials

## Resource Management Summary

What: Close examination of the general operation and overall financial management of the nonprofit food service account

When: During the review cycle as part of the Administrative Review

Time Period Observed: Month of Review (does not look at prior year)



# Annual Financial Reporting to TDA

## Lifecycle & Timeline

Report  
Opens  
January 1st

SFA  
Submits  
Audited  
Financials

State  
Reviews

Report  
Closes Last  
Friday in  
March



# Annual Financial Reporting to TDA

What to  
include  
and  
exclude?

	Include or Exclude?
USDA Commodities	Include
Software Purchases	Include
Fund Balance	Include
Grant Money	Include



# Annual Financial Reporting to TDA

## Avoiding Common Errors



- Incorrect program year reported
- No Excess Net Cash Resource plan when there is an excess of 6 months of operating expenses
- Discrepancies between reported numbers and the general ledger



# Annual Financial Reporting to TDA



**We are listening**

- Looking into other methods to submit a financial report



# Annual Financial Reporting to TDA





## Methods of Budgeting

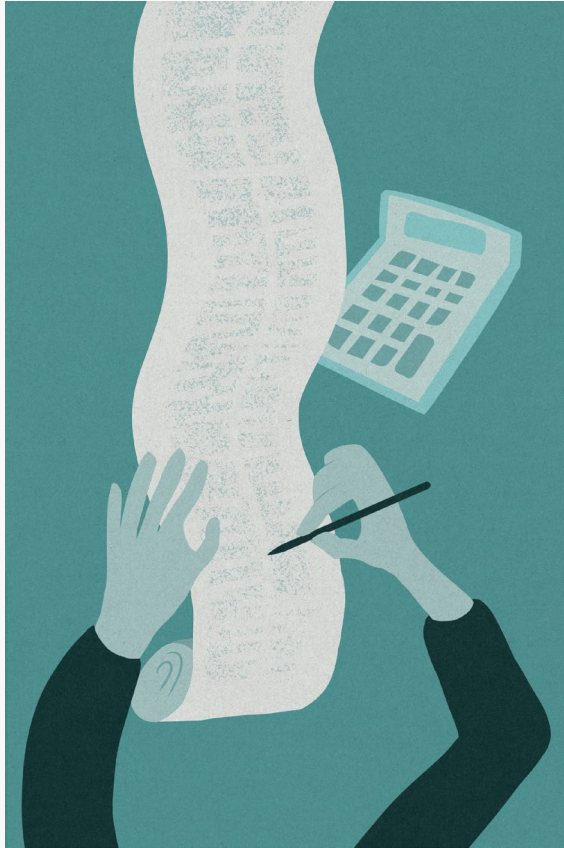
Incremental

Zero-Based

Combination



# Methods of Budgeting



- One-time Projects
- Improvements
- Service Delivery Model and Potential Impact
- Financial Status of Program
- Indirect Costs
- Procurement Needs



## Part 1

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# Additional Resources

## University of F&N Courses at ESCs or Online

- NSLP Financial Coding
- Financial Management for Directors & Managers
- KPI Series: Financial & Inventory Management



## Future Training Work Group Interest





# Submitted Question Review





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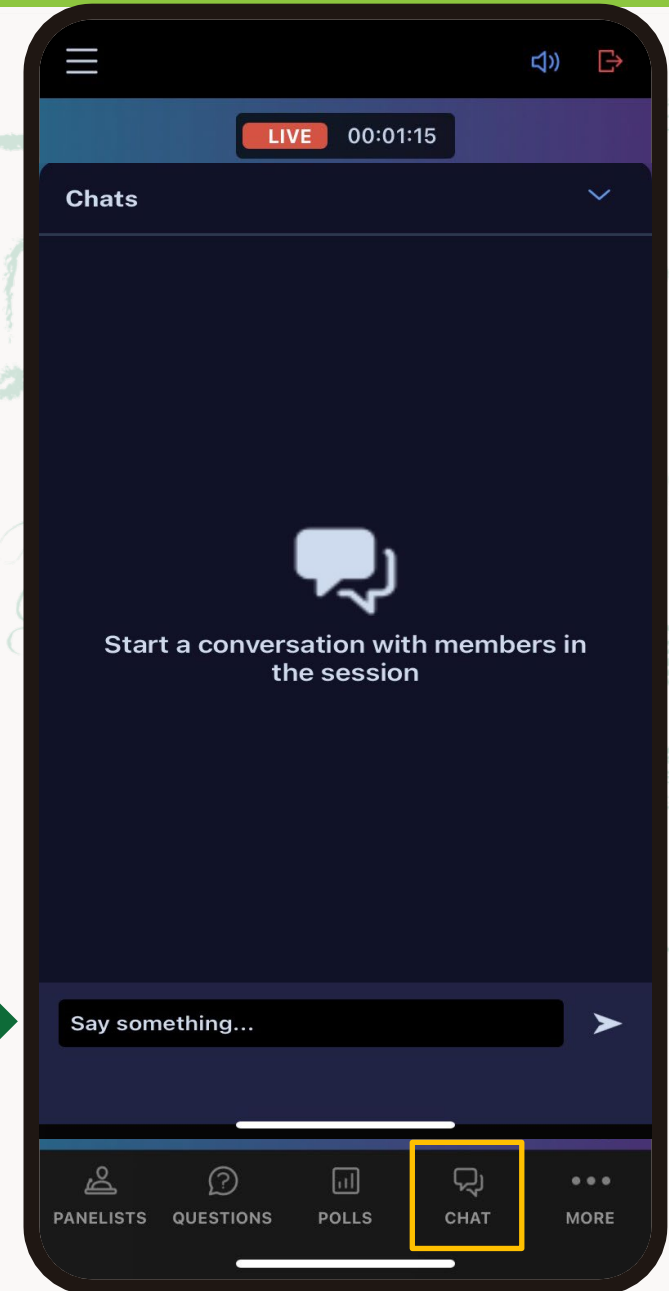
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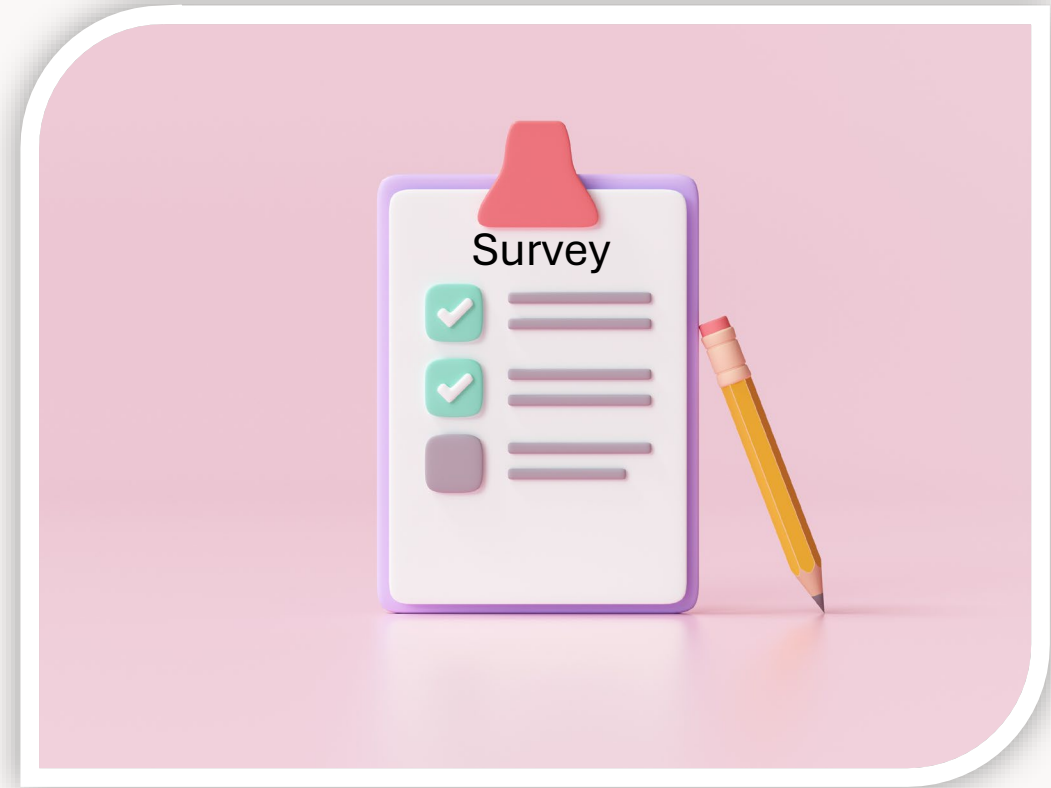




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# 3 Categories of Key Performance Indicators (KPIs)

1. Meal Counts and Participation

2. Financial and Inventory Management

3. Productivity and Labor



# Meal Counts & Participation Performance Indicators

Meal Equivalents  
(MEQs)

Average Daily  
Participation (ADP)



# Financial & Inventory Management Performance Indicators

Revenues

Expenditures

Revenue per  
Meal Equivalent

Cost per  
Meal Equivalent

Cost as a % of  
Revenue

Break-Even  
Point

Inventory  
Turnover Rate



# Productivity & Labor Performance Indicators

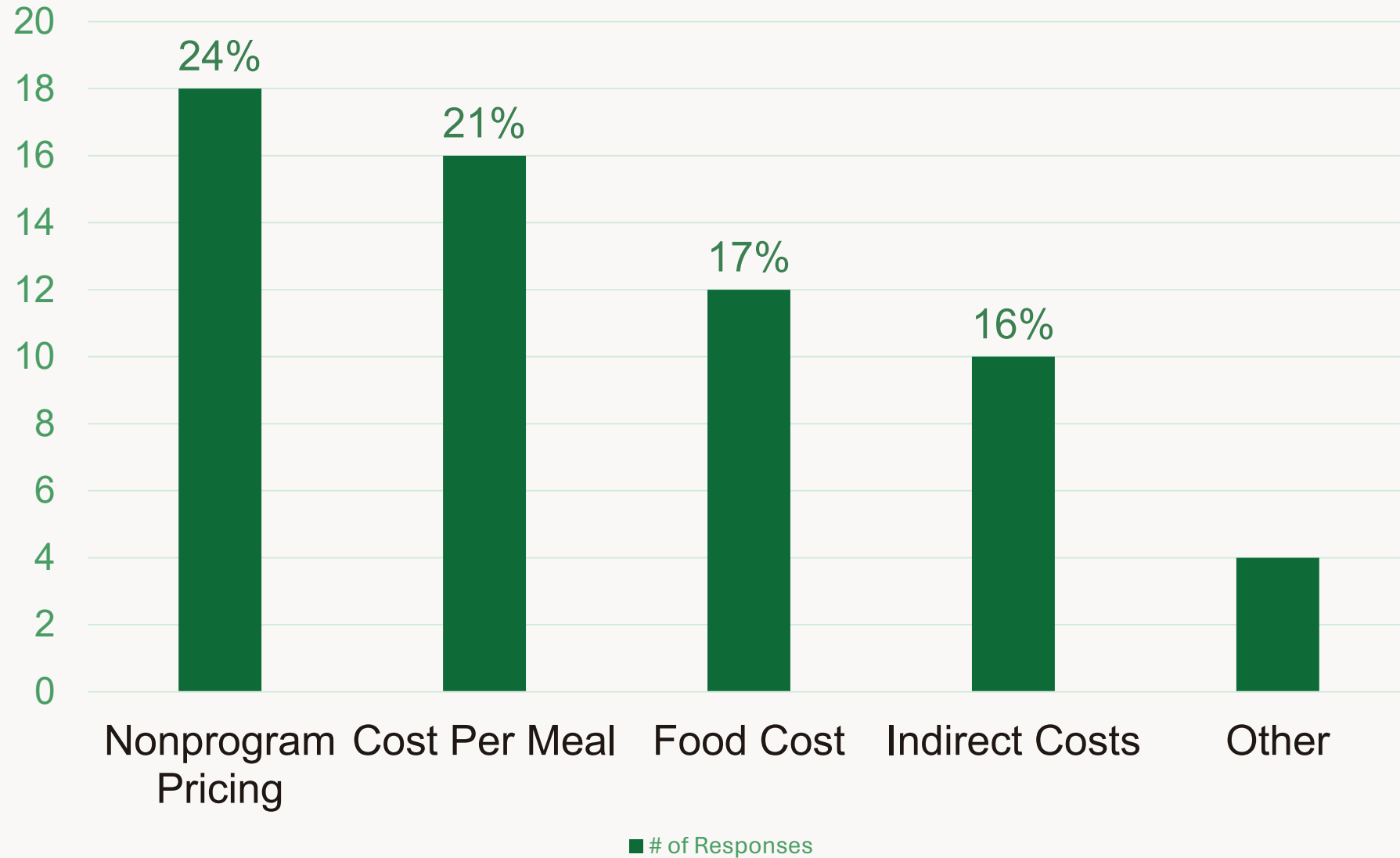
Meals per Labor  
Hour

Staff Turnover  
Rate

Absenteeism  
Rate



## Top KPI Questions





# Nonprogram Food Sale Pricing



Methods for pricing  
nonprogram food sales items

Record-keeping methods



# Nonprogram Food Sale Pricing



Priced to cover the full cost of production and service, including food cost, labor, & overhead

Priced to not negatively impact the financial integrity of the SNP

Priced to encourage students to opt for a reimbursable meal



# Nonprogram Food Sale Pricing



\$3.25 Student Reimbursable  
Meal

\$3.75 Mini Personal Pizza  
(a la carte)



# Nonprogram Food Sale Pricing

Select a Price



Total Cost of the Bottled Water is  
65 cents

.45  
Cents



.55  
Cents



.85  
cents



Does it cover the total cost and  
generate sufficient revenue?



# Nonprogram Food Sale Pricing

Compliance  
and  
Regulations

Equity and  
Accessibility

Financial  
Sustainability

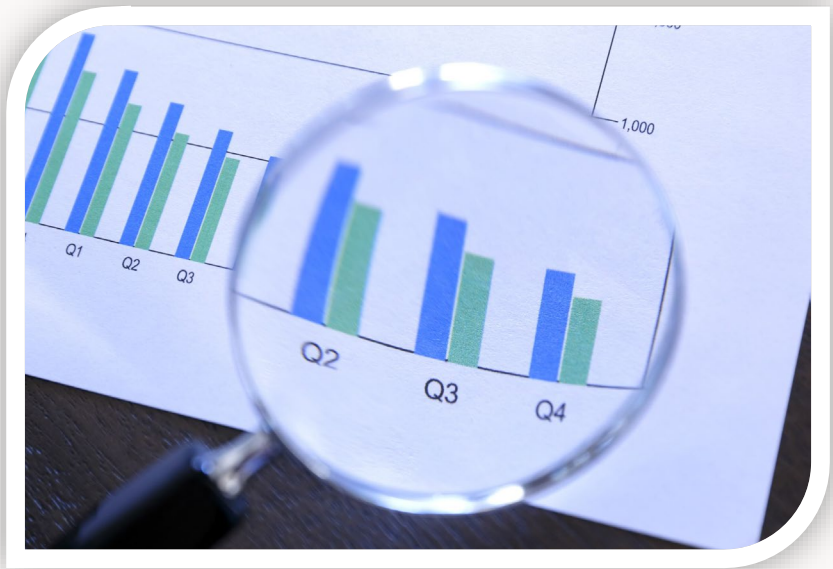
Transparent  
Processes

Support  
Nutrition  
Goals

Solid  
Record-  
keeping



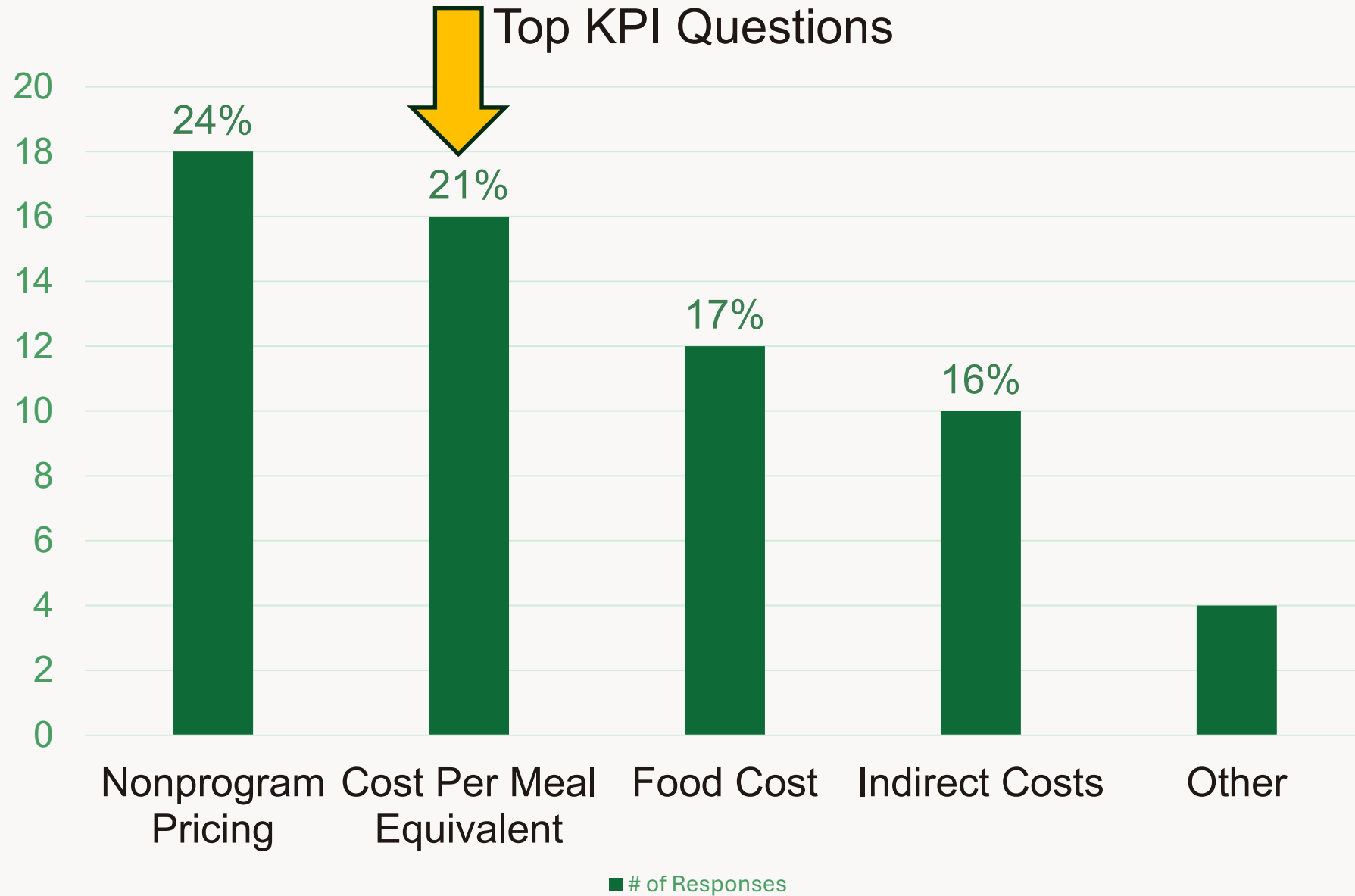
# Nonprogram Food Sale Pricing



Document revenue generated to ensure it is proportionate to their costs

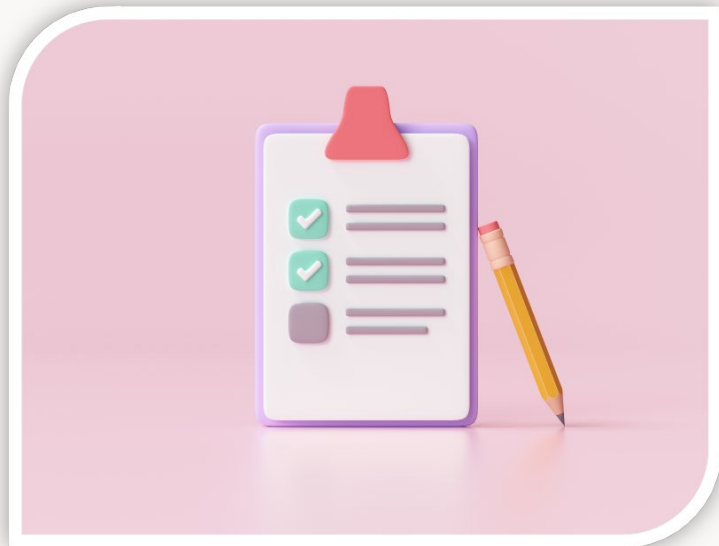
Maintain records to track nonprogram costs and revenues

Validated during Administrative Reviews  
(Nonprogram Revenue Tool)





# Cost Per Meal Equivalent



What costs should be included in total cost per meal?

Are there recommended standards for calculating the cost per meal?

Overcoming challenges to manage rising and fluctuating prices



# Cost Per Meal Equivalent



Begins with conversion to meal equivalents (MEQs)

$$\text{Expenditure} \div \text{MEQ} = \text{Cost per Meal Equivalent}$$

Compare to Revenue per Meal Equivalent to ensure the program is self-supporting



# Overcoming Challenges



Menu Planning and Cost Control

Procurement Strategies

Leveraging USDA Foods Programs



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# Additional Resources

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## Future Training Work Group Interest





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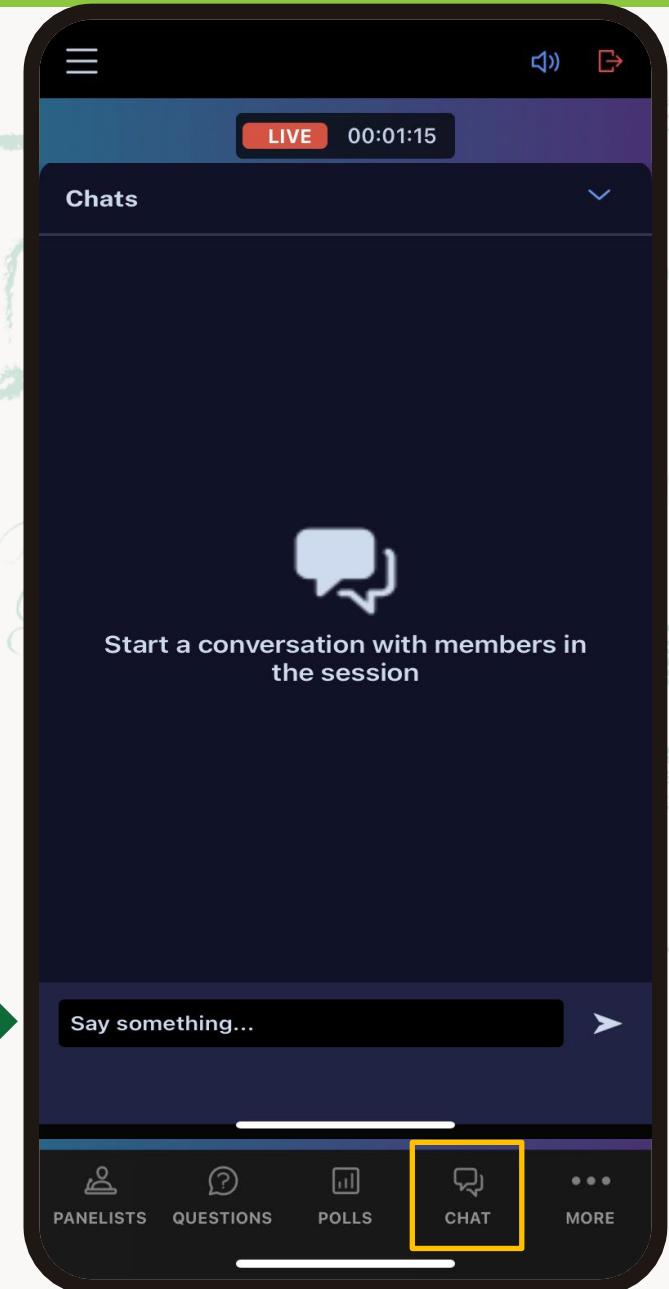
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Part 3



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✓ Key Performance Indicators (KPIs)

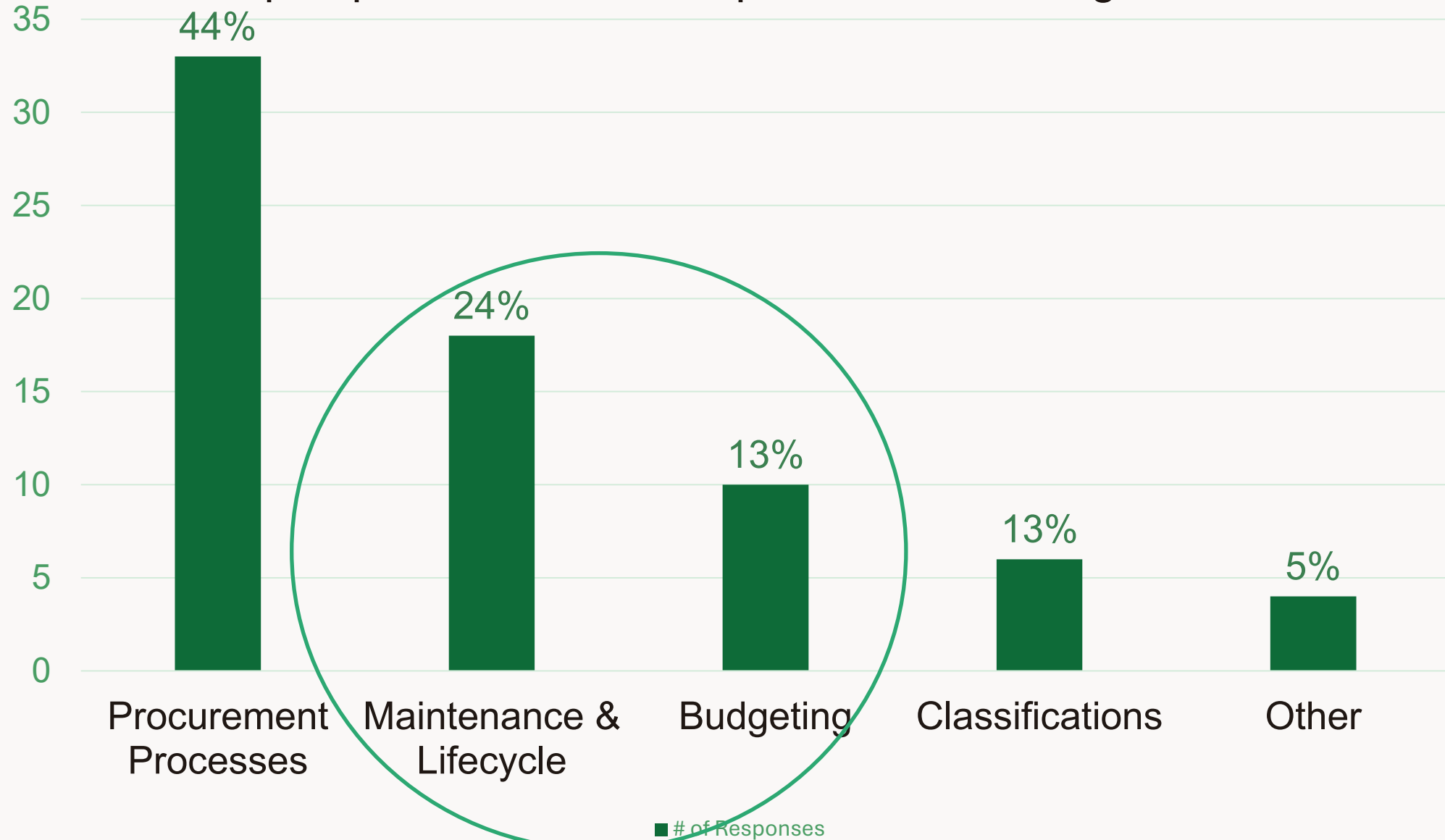
## Part 3

Capital Assets and Expenditures





## Top capital assets and expenditures training needs





## Budgeting and Maintenance

“Clarify what constitutes a capital expenditure.”

“Share best practices for anticipating high-cost items to prevent negative impacts.”

“Share guidance to work with other departments for financial planning.”



# Budgeting and Maintenance

## Capital Asset

A piece of equipment, technology hardware, vehicle, or property used in the school meals program that:

- Useful life of more than one year
- Used exclusively for the non-profit school food service

## Capital Expenditure

Costs to the non-profit school food service fund of \$10,000 or more per unit to:

- Purchase
- Improve
- Add
- Modify
- Replace
- Reinstall
- Renovate
- Alter

Capital assets to materially enhance their value or useful life.



# Budgeting & Maintenance

SFA Submits  
Capital  
Expenditure  
Request

State Agency  
Reviews  
Request

State Agency  
notifies SFA of  
Determination



# Budgeting and Maintenance

## Common Observations

- Capital expenditure requests under \$10,000 per unit threshold.
- Capital expenditure item purchased without TDA prior approval.
- TX-UNPS request is not completed entirely and/or accurately.

- Allocation to CNP for item does not tie to the justification provided.
- Quotes or formal bid proposals not included.
- Quotes or formal bid proposals do not include itemized list of installation, parts, delivery, and setup costs.



# Budgeting and Maintenance

## Industry Recommendations

Long-Term  
Equipment  
Replacement  
Plan

Threshold  
Alignment

Budget  
Strategically

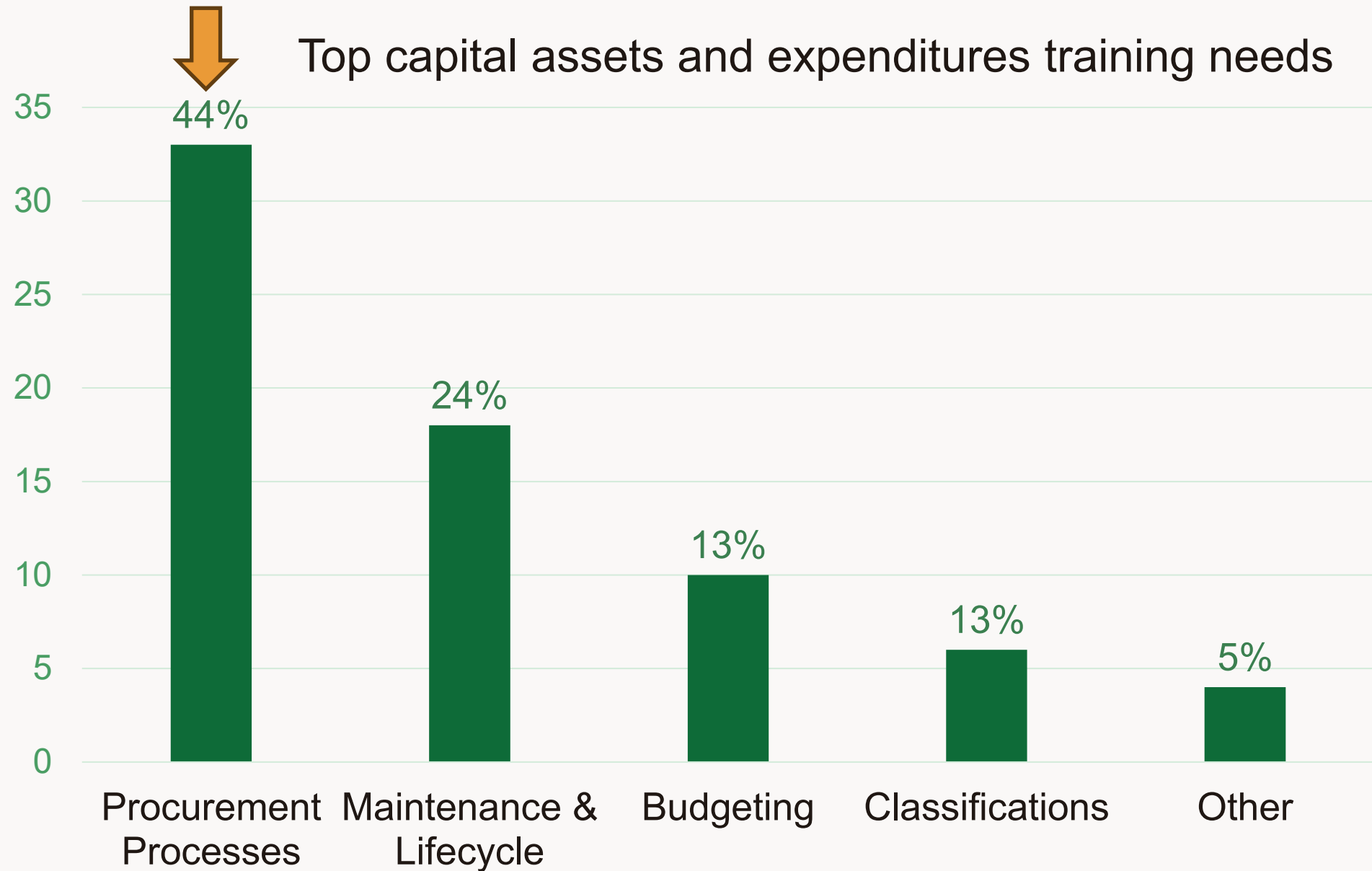
Follow  
Procurement  
and Approval  
Rules



# Budgeting and Maintenance

Cross-departmental Collaboration  
to Improve:  
Meal Quality  
Health & Safety  
Operational Efficiency  
Student Experience







# Procurement Processes

“Explain RFQs  
& RFPs.”

- Request for Quotes (RFQs) - Informal
- Invitation for Bids (IFB).
  - Ideal procurement method to use when there are clear specifications and/or technical requirements and price is the highest consideration.
- Request for Proposals (RFPs)
  - Ideal procurement method to use when procuring more complex products and services where an evaluation on price alone would not be appropriate.



# Procurement Processes

“Clarify  
procurement  
practices using  
GPOs.”

## Micro-Purchase

- Allowable if purchase amount is equal to or less than micro-purchase threshold and micro-purchase requirements met.

## Small Purchase

- May consider the price from GPO as one source of pricing.

## Formal Procurement

- SFA may only consider GPO as a source of information but not as a source of pricing.



# Procurement Processes

“Clarify the number of quotes required for small purchases.”

## Best Practice

- Solicit at least three price quotes.

## Required

- Minimum of two price quotes solicited.



## Part 1

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Budgeting Methods

## Part 2

✓ Key Performance Indicators (KPIs)

## Part 3

✓ Capital Assets and Expenditures





## Future Training Work Group Interest





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